

# EXHIBIT 1

1 IN THE UNITED STATES DISTRICT COURT  
2 FOR THE SOUTHERN DISTRICT OF TEXAS  
3 HOUSTON DIVISION

4 -----x  
5  
6 In re ANADARKO PETROLEUM Civil Action No.  
7 CORPORATION SECURITIES 4:20-cv-00576  
8 LITIGATION

9 -----x  
10  
11 \*\*\*CONFIDENTIAL\*\*\*

12  
13 REMOTE VIDEOTAPED DEPOSITION BY VIRTUAL ZOOM OF  
14 ALLEN FERRELL, Ph.D.

15 Thursday, March 2, 2023

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23  
24 Reported By: Lynne Ledanois, CSR 6811  
25 Job No. 5772235

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12	Videotaped deposition of ALLEN FERRELL, Ph.D.,	13	
13	taken in Lexington, Massachusetts, commencing at	14	
14	1:34 p.m. EST on Thursday, March 2, 2023 before	15	
15	Lynne Ledanois, Certified Shorthand Reporter No.	16	
16	6811	17	
17		18	
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1	INDEX OF EXHIBITS	1	
2	REMOTE APPEARANCES	2	Deposition Description Page
3		3	Exhibit 519 Expert Rebuttal Report of Allen 17
4	Counsel for the Lead Plaintiffs:	4	Ferrell, 1/25/23;
5	ROBBINS GELLER RUDMAN & DOWD LLP	5	Exhibit 520 Document headed, Dow Jones 52
6	BY: RACHEL JENSEN	6	Newswires by Alison Sider,
7	FRANCISCO MEJIA	7	APC-01761560;
8	Attorneys at Law	8	Exhibit 521 Email to 122
9	655 West Broadway	9	saurigemma@loradabett.com from
10	Suite 1900	10	Konrad Krill dated 4/17/17;
11	San Diego, California 92101	11	Exhibit 522 Document headed, UBS Anadarko 126
12	rjensen@rgrdlaw.com	12	Petroleum, Large Exploration
13		13	Expense Drives 1Q17 EPS/CFPS
14	Counsel for the Defendants:	14	Miss but EBITDX Beats; Maintains
15	CRAVATH, SWAINE & MOORE LLP	15	2017 Guidance,
16	BY: LAUREN ROSENBERG	16	UBS_0001735;
17	MIKA FITZGERALD	17	Exhibit 523 Expert Report of Allen Ferrell 131
18	Attorneys at Law	18	re Class Certification;
19	Worldwide Plaza	19	Exhibit 524 Document headed, Evercore ISI 151
20	825 Eighth Avenue	20	Flash Note, Anadarko Petroleum,
21	New York, New York 10019	21	APC-01334718;
22	lrosenberg@cravath.com	22	Exhibit 525 Anadarko Petroleum Corporation 154
23		23	Form 10-Q;
24	ALSO PRESENT:	24	
25	John MacDonnell, Videographer	25	///
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1	I N D E X O F E X H I B I T S		
2	Deposition	Description	Page
3	Exhibit 526	Email to Robin Fielder from Al Walker, 5/3/17;	214
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1	Thursday, March 2, 2023		
2	1:34 p.m. EST		
3	-----		
4	THE VIDEOGRAPHER: We're on the record.		
5	It's 1:34 p.m. Eastern time on March 3rd --	1:34PM	
6	March 2nd, 2023. This is the deposition of		
7	Dr. Allen Ferrell.		
8	We're here in the matter of Anadarko		
9	Petroleum Corporation Securities Litigation.		
10	I'm John McDonnell, the videographer with	1:34PM	
11	Veritext.		
12	Before the reporter swears the witness,		
13	would counsel identify themselves beginning with the		
14	noticing attorney, please.		
15	MS. JENSEN: Yes. Good morning. This is	1:34PM	
16	Rachel Jensen with the law firm of Robbins Geller		
17	Rudman & Dowd on behalf of the plaintiffs in the		
18	class.		
19	I also have Frankie Mejia with me as well		
20	from Robbins Geller.	1:34PM	
21	MS. ROSENBERG: This is Lauren Rosenberg		
22	from Cravath Swaine & Moore on behalf of defendants.		
23	And with me as well is Mika Fitzgerald.		
24			
25	ALLEN FERRELL, Ph.D.	1:35PM	
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1 A I looked at the complaint. What else did I 1:37PM	1 Q And how many securities cases 1:39PM
2 take a look at? I looked at some analyst reports. 1:37PM	2 approximately have you offered expert testimony? 1:39PM
3 This is, again, from my personal review. 1:37PM	3 A I don't have a specific recollection. I 1:39PM
4 I looked at the corrected disclosures 1:37PM	4 would go to my C.V. where I do list all of my 1:39PM
5 here. And I looked at Steinholt's reports as well. 1:37PM	5 testimony from last four years and I would just 1:39PM
6 Q Have you reviewed any other court 1:37PM	6 reference that.
7 documents in this case? 1:37PM	7 Q And do you have a ballpark of the number 1:40PM
8 A No, I did review -- I mean, just to add, I 1:37PM	8 of cases total because, of course, that would just 1:40PM
9 did review Mr. Steinholt's depositions. I believe he 1:37PM	9 be the last four years, right? So do you have a 1:40PM
10 was deposed twice and I did review those. 1:37PM	10 ballpark total number? 1:40PM
11 Q No other court documents? 1:37PM	11 A Well, I've been doing this since around 1:40PM
12 A None that occur to me, no. 1:37PM	12 2005, so I guess I'm getting older. So if you do the 1:40PM
13 Q You haven't read the court's class 1:37PM	13 last 20 years -- this is a ballpark and big margin of 1:40PM
14 certification decision? 1:37PM	14 error here, I would say I've probably been deposed, if 1:40PM
15 A I don't have a specific recollection. 1:38PM	15 I had to guess, somewhere between 80, 85 times. 1:40PM
16 Q Okay. You've been retained as a proposed 1:38PM	16 But it could be more, it could be less, 1:40PM
17 testifying expert for the defendants in this case? 1:38PM	17 but if you were to do a 20-year span, that would be 1:40PM
18 A Yes. 1:38PM	18 my best guess.
19 Q And how many hours have you personally 1:38PM	19 Q And in any of those securities cases, have 1:40PM
20 spent on the case? 1:38PM	20 you offered expert testimony on behalf of 1:40PM
21 A So I have not added it up because my memory 1:38PM	21 plaintiffs?
22 is I was retained back in 2021, so it's been awhile. 1:38PM	22 A Yes, I have. I've done expert work for 1:40PM
23 I would say -- so I have not added the hours up since 1:38PM	23 plaintiffs, yes.
24 2021. 1:38PM	24 Q My question is a little different. Have 1:40PM
25 I did take a look at hours since -- 1:38PM	25 you offered expert testimony on behalf of plaintiffs 1:40PM
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1 including since the fall of 2022. And not including 1:38PM	1 in a securities case? 1:41PM
2 February -- I'm sorry, not including March, it's 1:38PM	2 A The one case that comes to mind was a 1:41PM
3 roughly -- there is going to be a margin of error 1:38PM	3 securities case under state law involving investment 1:41PM
4 here around 80 hours. 1:38PM	4 guidelines but not for federal securities.
5 But again, I want to reiterate that's from 1:38PM	5 Q Okay. So in no federal securities fraud 1:41PM
6 the fall of 2022 through 2023. I did not add up my 1:38PM	6 actions have you testified on behalf of plaintiffs; 1:41PM
7 hours back to 2021. 1:38PM	7 correct?
8 Q Sure. Have you added up how much you've 1:38PM	8 A I believe that's correct.
9 been paid in the case? 1:38PM	9 Q Have you ever opined in the ballpark -- 1:41PM
10 A I have not. 1:38PM	10 A Sorry, just a clarification. I have 1:41PM
11 Q What percentage of your work in a given 1:38PM	11 testified in a federal securities matter for the U.S. 1:41PM
12 year is as a testifying expert? 1:38PM	12 attorney in the Southern District, so that would be a 1:41PM
13 A It's a question as to a percentage of my 1:38PM	13 federal case in a criminal matter.
14 consulting work or -- could you restate the question? 1:38PM	14 Q In a criminal case. Is that case listed 1:41PM
15 Q As a testifying expert, what percentage of 1:39PM	15 on your C.V.? 1:41PM
16 your time in a given year is spent in litigation 1:39PM	16 A I don't remember. I don't remember the 1:41PM
17 matters as a testifying expert? 1:39PM	17 date. We would have to pull it up. US v. Block is 1:41PM
18 A So in terms of economic consulting, it would 1:39PM	18 the case.
19 all be matters involving litigation. 1:39PM	19 Q So in all class securities class 1:42PM
20 Q Okay. And what percentage of your work in 1:39PM	20 actions -- so I'll try to tease this out. 1:42PM
21 a given year is taken by a consulting or testifying 1:39PM	21 So in every securities class action that 1:42PM
22 in litigation? 1:39PM	22 you've been involved in, you've testified on behalf 1:42PM
23 A Yes, so the number really varies a lot, but 1:39PM	23 of the defendants; is that right?
24 again, it can vary in some periods, but roughly 1:39PM	24 A For federal securities not including the 1:42PM
25 20 percent of my total time. 1:39PM	25 U.S. government, I believe that's correct. 1:42PM
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1 Q Right. I mean the U.S. government 2 wouldn't bring a class action; correct? 3 A That's correct. 4 Q Okay. So the answer to my question is 5 correct; right? If you want, I can restate it. 1:42PM 6 A I believe that's accurate. 7 Q Okay. Thanks. 8 So in any securities class action, have 9 you opined that the alleged misrepresentations or 10 omissions did, in fact, have an impact on the price 1:42PM 11 of security at issue? 12 A I have in the following sense. So I have, 13 for example, Bank of America, also in the Household 14 litigation, done damages per share under certain 15 assumptions. 1:42PM 16 So I have in that context. 17 Q But that wasn't an opinion about the price 18 impact, that was an assumption; correct? 19 A I don't think I quite agree with your 20 framing. It would be based on certain assumptions 1:43PM 21 including assumptions of liability. I did calculate 22 per share damages and that was an opinion. 23 Q So just to be clear, it was a damages 24 opinion in which one of the assumptions was there 25 would be liability found; is that right? 1:43PM	1 accounting? 1:44PM 2 A No. 3 Q Do you hold yourself out as an expert in 4 the oil and gas industry? 5 A No. 1:44PM 6 Q Are you a geoscientist? 7 A No. 8 Q Do you have an engineering degree? 9 A No. 10 Q Are you offering an opinion in this case 1:44PM 11 as to the reason Anadarko wrote off Shenandoah? 12 A No. 13 Q All right. Even though you have your 14 report there with you, I'm going to mark one for the 15 record so that it will be an exhibit. You can 1:45PM 16 continue to look at the version in front of you 17 except for just to confirm that what I'm introducing 18 here is in fact your report. 19 So if you'll bear with me for a moment 20 while I introduce this. 1:45PM 21 A Okay. Take your time. 22 MS. JENSEN: If all has gone well, there 23 should be an exhibit that you can see in your 24 Exhibit Share folder. Again, making sure that 25 you're looking at the March 2nd folder. It should 1:45PM
Page 14	Page 16
1 A That's my best recollection. My specific 1:43PM 2 recollection is I have in securities class action 3 litigation estimated per share damages. 4 Q Assuming liability was found? 5 A Well, I don't -- yes, I don't know what 1:43PM 6 damages would mean, if there is not liability, so I 7 think that's -- 8 Q I guess what I'm trying to say is that 9 that was assuming that liability would be found. In 10 other words, your opinion was limited to damages; is 1:43PM 11 that right? 12 A I mean, I have to go back and refresh my 13 recollection. My memory is there was an assumption of 14 liability. Again, I'm not sure what damages means, if 15 there was -- I guess if there is no liability, the 1:44PM 16 damages are easy, it's zero. 17 Q Understood. I was trying to clarify the 18 nature of the opinion. So it was a damages opinion 19 assuming liability would be found? 20 A I gave you my best recollection. 1:44PM 21 Q Okay. The record will stand. 22 Are you offering any legal opinions in 23 this case? 24 A No. 25 Q Do you hold yourself out as an expert in 1:44PM	1 be under marked exhibits and it should be 1:45PM 2 Exhibit 519. 3 (Whereupon, Exhibit 519 was marked for 4 identification.) 5 THE WITNESS: I'm there. 1:46PM 6 MS. JENSEN: Okay. Great. 7 So for the record, I've introduced this 8 Exhibit 519, the expert rebuttal report of Allen 9 Ferrell Ph.D., dated January 25th, 2023. 10 Q And I would like you to scroll through 1:46PM 11 very briefly and confirm that this, in fact, is your 12 report. 13 A Okay. When I turn away from the camera, 14 it's because I'm looking at the screen with the 15 exhibit. 1:46PM 16 Q Okay. Understood. 17 A Yes, this looks like my January 25th report. 18 Q Who wrote this report? 19 A I did with the assistance of Compass 20 Lexecon. 1:46PM 21 Q What assistance did Compass Lexecon 22 provide? 23 A So they did a number of things. For 24 example, they helped organize the flow of materials to 25 me that's reflected in the docs relied upon list. 1:46PM
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1 They put together the, pursuant to my 1:46PM	1 A I would talk with my team at Compass Lexecon 1:49PM
2 instructions, supervision, the actual exhibits. If 2 about the materials I wanted given my assignment in	3 Paragraph 16. They would gather those materials such
3 I were doing it myself, I think we would still be 4 as analyst reports and forward those materials to me.	5 Q So is it your testimony then that you 1:49PM
4 waiting for the formatting and so forth.	6 reviewed all the analyst reports about Anadarko
5 I did work with a draft with them. So I 1:47PM	7 throughout the relevant time period?
6 did the drafting, but I did have an iterative	8 A I know there is 1,071 in my initial report,
7 process with them on the drafting.	9 yes, I did review everything. Obviously some of them
8 Q So I want to make sure I understand here.	10 skimming and some of them were more important, but 1:49PM
9 So they provided the documents --	11 yes.
10 A No, that's not correct. 1:47PM	12 Q And so were those limited to the class
11 Q Tell me what you mean there.	13 period then, what you reviewed?
12 A I would have the documents flow go through	14 A It's whatever the -- I think they are
13 Compass Lexecon so they can keep track of it, they	15 basically during the class period, but the dates of 1:50PM
14 could put it in binders for me to help the -- an	16 the analysts reports are reflected in the documents
15 organized flow of information. 1:47PM	17 relied upon and we can just refer to that.
16 Q And how did the documents come to you?	18 Q So in other words, the documents -- the
17 A A number of different ways. I had binders	19 universe of documents that you reviewed in this
18 sent to me, so hard copies, I had --	20 case, are they all reflected in your appendices? 1:50PM
19 Q From counsel?	21 A I believe that's accurate. With one
20 A Sorry? 1:47PM	22 exception, actually, something I noticed when I was
21 Q From counsel?	23 rereading my reports in preparation for the
22 A No, this is from Compass Lexecon, I would	24 deposition.
23 have them put together binders --	25 But one thing that wasn't on there that 1:50PM
24 Q Let's set aside the logistics.	Page 20
25 How did you come to review the documents 1:48PM	
Page 18	
1 that you now have relied on? 1:48PM	1 was, in fact, one of the things that I reviewed very 1:50PM
2 A I interacted with my team at Compass Lexecon	2 early on was the earnings call transcript from
3 in terms of the assignment and the material I would	3 May 3rd.
4 need.	4 Q Okay.
5 Obviously when I'm responding to 1:48PM	5 A With that exception, I believe it's a 1:50PM
6 Mr. Steinholt, if we're talking about my	6 complete list.
7 January 25th report, obviously I would want to look	7 Q And just for clarity of the record, you're
8 at materials that would be relevant to the	8 talking about May 3rd, 2017?
9 assignment as reflected in Paragraph 16.	9 A Yes.
10 So that really framed the set of materials 1:48PM	10 Q Did counsel for the defendants select any 1:50PM
11 that would be appropriate to look at.	11 documents for your consideration?
12 Q Okay. So my question is: How did you	12 A Not that I recall. Obviously we had a
13 come about receiving or otherwise deciding which	13 discussion and I got the complaint, nothing that I can
14 documents you should look at and consider?	14 recall.
15 A Well, so if you're talking about my 1:48PM	15 Q Did counsel for the defendants assist you 1:51PM
16 January 25th report, I was asked to assess	16 in drafting or editing the report?
17 Mr. Steinholt's report. And so I obviously -- in	17 A No. My interactions were with my team at
18 reviewing his report, there were certain materials	18 Compass Lexecon. Obviously the assignment, turning to
19 that would be relevant. Obviously I had written some	19 Paragraph 16, is from counsel.
20 earlier reports, I was not coming up with this fresh. 1:49PM	20 Q And did you talk to counsel at any point 1:51PM
21 So that really framed the set of materials	21 before you finalized the report?
22 that would be logical to take a look at.	22 A Yes.
23 Q I think we're going round and round here.	23 Q About the report, I should say, before you
24 I'm asking just you, who gathered documents for you	24 finalized it?
25 in this case? Let's just ask it that way. 1:49PM	25 A Yes. 1:51PM
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1 Q How many times? 1:51PM	1 listed. 1:54PM
2 A So in your question are we referring to all 1:51PM	2 Q And you didn't review any of the internal 1:54PM
3 four reports going back to 2021 or are we talking 1:51PM	3 communications of the company in forming your 1:54PM
4 about just this report? 1:51PM	4 opinions?
5 Q That's a good clarification. I understand 1:51PM	5 A If it's not listed, it was not considered in 1:54PM
6 that they build on each other. So let's just take 1:51PM	6 forming my opinion.
7 it for this report. 1:51PM	7 Q Now, are all of the opinions that you 1:54PM
8 A I do remember talking with counsel, maybe I 1:51PM	8 intend to offer at trial set forth in Paragraph 16 1:54PM
9 think that was -- besides the 30 to 40-minute 1:51PM	9 of your January 25th, 2023 report?
10 conversation I mentioned before, I don't have a 1:52PM	10 A Well, these are the principal conclusions. 1:54PM
11 recollection of talking with counsel for a good long 1:52PM	11 Obviously I have analyses and subconclusions in the 1:54PM
12 while. I'm sure we had a call about the assignment in 1:52PM	12 report itself. And I've also referenced the fact that 1:54PM
13 Paragraph 16, but that's my best recollection. 1:52PM	13 I am incorporating by reference my other work in this 1:54PM
14 Q Obviously there were conversations earlier 1:52PM	14 matter.
15 on when you were formulating earlier reports as 1:52PM	15 Q Okay. So the principal conclusions are 1:54PM
16 well; correct? 1:52PM	16 listed there and as I understand it, that includes 1:54PM
17 A Yes. 1:52PM	17 Mr. Bjorn Steinholt's opinion about the materiality 1:54PM
18 Q Now you've referred to your assignment in 1:52PM	18 of the alleged misstatements as flawed?
19 Paragraph 16 and in Paragraph 16 you referenced 1:52PM	19 A Again, these are the principal conclusions 1:54PM
20 materials in Appendix 2. 1:52PM	20 for this report. Obviously there is a lot of analyses 1:55PM
21 So are all of the documents that you 1:53PM	21 and points that I make in conjunction with that. But 1:55PM
22 considered in forming your opinions listed in 1:53PM	22 yes, the --
23 Appendix 2 with the exception of the May 3rd, 2017 1:53PM	23 Q I used the same verbiage that you just 1:55PM
24 earnings transcript call -- or call transcript, 1:53PM	24 did.
25 sorry? 1:53PM	25 A Okay. So it is true that Part A is talking 1:55PM
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	Page 24
1 A Well, no. In the sense that Footnote 32, I 1:53PM	1 about his opinion concerning materiality. 1:55PM
2 say I incorporate by reference my other reports. 1:53PM	2 Q Right. So my question was that's one of 1:55PM
3 Q Okay. So when -- okay. But your 1:53PM	3 your principal conclusions.
4 Paragraph 16 only refers to the review of the 1:53PM	4 You also have listed here that 1:55PM
5 materials in Appendix 2; correct? 1:53PM	5 Mr. Steinholt failed to reliably demonstrate the 1:55PM
6 A It does mention Appendix 2 and I also say 1:53PM	6 May 3rd, 2017 price decline is caused by the 1:55PM
7 incorporate by reference my other work. 1:53PM	7 correction to the alleged misstatements?
8 Q Okay. So beside the documents that were 1:53PM	8 A Correct.
9 listed in your various reports, as you said earlier 1:53PM	9 Q And then also that Mr. Steinholt did not 1:55PM
10 or testified earlier, you didn't review any other 1:53PM	10 demonstrate damages could be reliably estimated? So 1:55PM
11 documents other than the May 3rd, 2017 earnings call 1:53PM	11 those are your principal conclusions in the case?
12 transcript? 1:53PM	12 A Yes, with respect to the January 25th 1:55PM
13 A Yes, that was an omission by accident. I 1:53PM	13 report, that's correct.
14 believe that's accurate. 1:53PM	14 Q Now, are you offering an opinion that the 1:56PM
15 In addition to the two -- I can't remember 1:53PM	15 market for Anadarko common stock was efficient?
16 whether the deposition transcripts by Mr. Steinholt 1:53PM	16 A I accept that. I'm not disputing the 1:56PM
17 are listed or not, but whether they are or not, I 1:53PM	17 efficiency of the market.
18 did review those. 1:53PM	18 Q You're assuming it?
19 Q Okay. 1:54PM	19 A Yes.
20 A I do cite to his deposition. I just don't 1:54PM	20 Q And now, when you assume market 1:56PM
21 remember -- I did review those. 1:54PM	21 efficiency, are you embracing a strong form of 1:56PM
22 Q Okay. So besides Mr. Steinholt's 1:54PM	22 market efficiency?
23 deposition transcript, you did not review any other 1:54PM	23 A No, it's -- efficiency in this context means 1:56PM
24 depositions in the case; correct? 1:54PM	24 semi-strong efficiency.
25 A I don't believe any others were cited or 1:54PM	25 Q It would be a mistake to call -- to 1:56PM
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<p>1 embrace the strong form of market efficiency at this 1:56PM  2 point; right?</p> <p>3 A I just don't think that's relevant here.</p> <p>4 Q I mean, that would be an incorrect form of 1:56PM  5 market efficiency to espouse in a securities fraud  6 case; right?</p> <p>7 A I just -- I've never seen that. When I say  8 the word "efficiency," I mean semi-strong efficiency.</p> <p>9 Q And that's the correct standard, more or  10 less; correct? 1:56PM</p> <p>11 A I'm not opining legally, but when I use the  12 term "efficiency," I mean semi-strong efficiency.</p> <p>13 Q That's the accepted version of efficiency  14 in these types of cases; correct?</p> <p>15 A I believe that's accurate. 1:57PM</p> <p>16 Q Now, do you opine that information was  17 immediately impounded into the marketplace for  18 Anadarko common stock?</p> <p>19 A So the definition of semi-strong is all  20 public information is, quote, quickly impounded. 1:57PM</p> <p>21 Typically, although not inevitably,  22 quickly means it's usually measured by reference to  23 a close-to-close window.</p> <p>24 Q Did you undertake any event study analysis  25 to determine how quickly information was impounded 1:57PM</p>	<p>1 I analyze it in that context. 1:59PM  2 I guess that's how would I frame how I  3 think about what information was available and what  4 was not.</p> <p>5 Q Are you intending to testify on behalf of 1:59PM  6 the defendants in this case that the truth was in  7 the market?</p> <p>8 A I would use the framing I have in the  9 January -- in my January 25th report, which is focused  10 on analyzing in various ways the so-called corrective 1:59PM  11 disclosure.</p> <p>12 I also, obviously I should add to that  13 answer, do the upfront as well, which is the  14 misrepresentation dates.</p> <p>15 Q But nowhere in your report, as far as I 2:00PM  16 can find, do you reference truth on the market, do  17 you?</p> <p>18 A That's a legal doctrine, so I wouldn't  19 invoke directly a legal doctrine personally.</p> <p>20 Q Are you offering an opinion that the 2:00PM  21 existence of the alleged fraudulent scheme was  22 publicly known before market close on May 2nd, 2017?</p> <p>23 A That's not how I would frame my opinion.</p> <p>24 Q So the answer is no?</p> <p>25 A It's not how I would frame it. That 2:00PM</p>
<p>Page 26</p> <p>1 into the price of the Anadarko stock? 1:57PM</p> <p>2 A I did do an efficiency analysis where I used  3 close-to-close for answering that question.</p> <p>4 Q And what did you conclude?</p> <p>5 A Well, as reflected -- I just want to be 1:57PM  6 specific here.</p> <p>7 So I'm referring to the appendix, the  8 header which is "Analysis of Market Efficiency  9 Factors Based on the Factors/Methodology Steinholt  10 Applied to Anadarko." I do have there some of that 1:58PM  11 study results and that is on a close-to-close basis.</p> <p>12 Q Are you offering a truth-on-the-market  13 opinion in this case?</p> <p>14 A I am a little hesitant because I know the  15 meaning of truth of the market has a -- you have to 1:58PM  16 define to me what you mean legally by "truth of the  17 market."</p> <p>18 Q Are you offering a legal opinion that the  19 truth was on the market in this case?</p> <p>20 A Not offering a legal opinion. 1:59PM</p> <p>21 Q Are you offering any other type of opinion  22 that the truth was in the market in this case?</p> <p>23 A I mean, I want to be careful here.</p> <p>24 Obviously I looked at the so-called corrective  25 disclosures in the total informational environment and 1:59PM</p>	<p>Page 28</p> <p>1 statement can have different meanings. I certainly 2:00PM  2 analyzed whether the corrective information as  3 identified by Mr. Steinholt caused a negative stock  4 price reaction, in conjunction with looking at the  5 upfront events that resulted, so that's how I would 2:00PM  6 frame it.</p> <p>7 Q Let's take it piece by piece. Are you  8 opining that there was no fraudulent scheme?</p> <p>9 A I'm not opining that. That's a liability  10 question. 2:01PM</p> <p>11 Q And are you opining that it was known in  12 the market that the defendants had engaged in a  13 fraudulent scheme at the end of the class period?</p> <p>14 A I'm not providing the opinion that the  15 market knew that there was a fraudulent scheme. 2:01PM  16 That's not how I would frame things.</p> <p>17 Q Are you offering an opinion that the  18 existence of a whistleblower complaint by Anadarko's  19 lead reservoir engineer at Anadarko was publicly  20 known at any time during the class period? 2:01PM</p> <p>21 A I don't think I talk about the whistleblower  22 in my report, no.</p> <p>23 Q And are you opining that Anadarko's  24 decision to suspend its appraisal of Shenandoah was  25 publicly known before market closed on May 2nd, 2:01PM</p>

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1 2017?	2:01PM	1 corrective?	2:04PM
2 A Well, I do opine that the dry hole expenses		2 MS. ROSENBERG: Objection to form, calls	
3 were known a day earlier, but putting that aside, I'm		3 for a legal conclusion.	
4 not providing that opinion.		4 THE WITNESS: As I understand the	
5 Q By "the dry hole expense," you mean the	2:02PM	5 question, the notion of corrective can intersect	2:04PM
6 Shenandoah 6 well?		6 with legal questions. So the answer, given that	
7 A Yes.		7 understanding, is no.	
8 Q So the answer to my question, you're not		8 BY MS. JENSEN:	
9 opining then that Anadarko's decision to suspend its		9 Q Are you offering an affirmative opinion	
10 appraisal of Shenandoah, that it was known by the	2:02PM	10 that the defendants' alleged misconduct had zero	2:05PM
11 market prior to close of market 20 -- I'm sorry.		11 impact on the price of Anadarko's stock at any point	
12 I want to ask that question again because		12 in time?	
13 it got muddled. Let me try again.		13 A My opinion is there's no reliable economic	
14 So the answer to my question is that you		14 basis to say that the so-called corrective information	
15 are not opining then that the decision by Anadarko	2:02PM	15 or the misreps upfront had a price impact.	2:05PM
16 to suspend its Shenandoah appraisal was known prior		16 Q So I just want to make sure I understand.	
17 to close of market on May 2nd, 2017?		17 Is your opinion limited to a critique of	
18 A Correct.		18 Mr. Steinholt's opinion?	
19 Q And you're not opining that Anadarko's		19 A Well, in the course of, you know, analyzing	
20 902 million write-down of Shenandoah was known by	2:02PM	20 Mr. Steinholt's opinion, as well as my prior work, my	2:05PM
21 the market prior to the evening of May 2nd, 2017;		21 opinion as an economist, the way you think about price	
22 correct?		22 impact, is whether there's reliable economic evidence	
23 A Correct. My understanding is that the 902,		23 or not.	
24 which is adding two separate figures, was disclosed		24 In my view there is not, so that is an	
25 for the first time in May.	2:03PM	25 affirmative opinion that obviously is also at odds	2:05PM
Page 30		Page 32	
1 Q Right. After market close on May 2nd,	2:03PM	1 with what Mr. Steinholt -- Dr. Steinholt --	2:05PM
2 2017?		2 Mr. Steinholt said.	
3 A Correct.		3 Q And have you ever opined in a securities	
4 Q Are you offering an opinion that the		4 fraud class action that the -- there was reliable	
5 defendants' alleged misconduct was legally	2:03PM	5 economic evidence of price impact?	2:06PM
6 immaterial?		6 A Yes.	
7 A Legally -- I'm not providing an opinion that		7 Q In which cases?	
8 was legally immaterial, no.		8 A I think this is going back to our earlier	
9 Q And are you offering an opinion that the		9 discussion, in Household, which I think your firm may	
10 defendants' statements -- alleged statements were	2:03PM	10 have been involved in, I do have price impacts	2:06PM
11 not misleading?		11 associated with corrective disclosures there.	
12 A Could you restate the question?		12 Bank of America is another example. So,	
13 Q No, I need to restate that.		13 again, those would be matters in which I do a price	
14 Are you offering an opinion that the		14 impact from corrective disclosures.	
15 defendants' alleged misstatements were not, in fact,	2:03PM	15 Q In the sense that you have provided	2:06PM
16 misleading?		16 damages analysis?	
17 A No. As I understand the question, that goes		17 A Yes. It was in the context of damages, loss	
18 to liability.		18 causation, all of these things that intersect with	
19 Q You do agree that the price of Anadarko		19 each other.	
20 common stock declined by a statistically significant	2:04PM	20 But, yes, it was in the context of the	2:07PM
21 amount on May 3rd, 2017; correct?		21 pricing effect of corrective information,	
22 A Yes.		22 information corrected of earlier alleged	
23 Q Are you offering an affirmative opinion		23 misstatements.	
24 that the information disclosed about Shenandoah		24 Q So Household and Bank of America, we	
25 after the close of market on May 2nd was not	2:04PM	25 should look at those. Any others come to mind?	2:07PM
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<p>1 A Those are the two that come to mind off the 2:07PM  2 top of my head. I would have to think some more about 2:07PM  3 it, but those are kind of two prominent examples that 2:07PM  4 come to mind.</p> <p>5 Q For purposes of your opinions, are you 2:07PM  6 assuming that all of defendants' statements leading 2:07PM  7 up to and during the class period were true?</p> <p>8 A Again, that goes to liability. So the 2:07PM  9 answer -- so I should answer the question. The answer 2:07PM  10 is no.</p> <p>11 Q So is it fair to say, then, you are 2:07PM  12 agnostic about whether the defendants' statements 2:07PM  13 were true or not true?</p> <p>14 A I think "agnostic" is the wrong word. I'm 2:08PM  15 just not taking a position on that. I'm not here to 2:08PM  16 opine on liability in the way that we've been 2:08PM  17 describing.</p> <p>18 I would be a little hesitant here.</p> <p>19 Obviously I do provide a price impact opinion and 2:08PM  20 that could speak to liability, but I'm doing that as 2:08PM  21 an economist.</p> <p>22 Q So just to make sure I understand. You're 2:08PM  23 just not taking a position on whether or not the 2:08PM  24 defendants' statements about Shenandoah leading up 2:08PM  25 to and during the class period were true?</p>	<p>1 Shenandoah was not commercially viable at the start 2:10PM  2 of the class period, but the Shenandoah project was 2:10PM  3 'certainly' (i.e., 100 percent) not commercially 2:10PM  4 viable after Shen 4."</p> <p>5 So that's the understanding that I was -- 2:10PM  6 that's what I was referencing earlier.</p> <p>7 Q Okay. Now, do you understand that 2:10PM  8 corrective disclosures don't need to be the mere 2:10PM  9 image of the alleged misstatement?</p> <p>10 A That's my understanding. 2:11PM</p> <p>11 Q Did analysts discuss the results of 2:11PM  12 different Shenandoah wells following the public 2:11PM  13 announcements of each?</p> <p>14 A What public announcement are you referring 2:11PM  15 to?</p> <p>16 Q So you probably know there were a number 2:11PM  17 of different wells for Shenandoah leading up to and 2:11PM  18 during the class period.</p> <p>19 So my question is whether analysts 2:11PM  20 discussed the result of the different wells 2:11PM  21 following their announced results?</p> <p>22 A I believe that's accurate.</p> <p>23 Q Okay. And, in fact, analysts issued 2:11PM  24 reports after each and every well; correct?</p> <p>25 A I don't have that specific recollection, but 2:12PM</p>
<p>1 A That's correct. 2:08PM</p> <p>2 Q Okay. Based on your understanding of this 2:08PM  3 case, what information was allegedly concealed from 2:08PM  4 investors during the class period?</p> <p>5 A So this is off the top of my head. 2:09PM</p> <p>6 Obviously the complaint can speak for itself.</p> <p>7 But the general claim -- I guess I would 2:09PM  8 really reference Mr. Steinholt here is he refers to 2:09PM  9 some probability of whether the Shenandoah project 2:09PM  10 would be viable or not. 2:09PM</p> <p>11 And then working off my memory, after 2:09PM  12 Shen 4, I believe he says that that probability 2:09PM  13 changed for the worst, is my memory of his 2:09PM  14 characterization of the alleged -- the alleged truth 2:09PM  15 that was, according to him, his understanding, 2:09PM  16 concealed. 2:09PM</p> <p>17 Q So when you say viability, what does that 2:09PM  18 mean to you?</p> <p>19 A It means whatever Mr. Steinholt says. So 2:10PM</p> <p>20 after he says -- I just want to -- I'll refer to the 2:10PM  21 specific part of my report here.</p> <p>22 Yes, I would look at Paragraph 47 of my 2:10PM  23 report. In the second sentence I say, "In fact, 2:10PM  24 Mr. Steinholt states that his understanding was that 2:10PM  25 there was more than a 50 percent chance that 2:10PM</p>	<p>1 that sounds correct to me. 2:12PM</p> <p>2 Q So that would include Shenandoah 1?</p> <p>3 A I'm going to get -- I know there is a 2:12PM  4 Shenandoah 1, I just don't remember whether that was 2:12PM  5 pre or post February 2015. 2:12PM</p> <p>6 I'm not saying it is or isn't. I just 2:12PM  7 want to make sure I'm not getting the timing of this 2:12PM  8 incorrect as it relates to the class period.</p> <p>9 Q Understood. So -- and my question was, I 2:12PM  10 believe, leading up to and during class period. If 2:12PM  11 it's not, then I want to make sure that's clear.</p> <p>12 So I understand that Shenandoah 1, that 2:12PM  13 was in 2009; right?</p> <p>14 So I'm referring to analysts reporting on 2:12PM  15 the results of each Shenandoah well, which some were 2:12PM  16 pre-class period and some were post or during the 2:12PM  17 class period; correct?</p> <p>18 A Yes. My general recollection -- I have to 2:13PM  19 go back to my analysts -- the long list of analysts 2:13PM  20 reports I have in my initial report. My memory is I 2:13PM  21 focused on the class period in particular.</p> <p>22 Q But you have no reason to doubt that 2:13PM  23 Shenandoah 1 and 2 also got the attention of 2:13PM  24 analysts, those were pre-class period?</p> <p>25 A I'm not disputing that. 2:13PM</p>

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1 Q So if Shenandoah 1 and Shenandoah 2 were 2 pre-class period, then Shenandoah 3, 4, 5 and 6 were 3 during the class period. And you have no reason to 4 dispute that each one of those well results were 5 reported out by analysts? 2:13PM	1 Q Shenandoah 1 as the name denotes, that was 2:15PM 2 the first well that discovered oil in Shenandoah; 3 correct?
6 A Correct.	4 A That's my understanding.
7 Q And analysts reported on this information, 8 generally speaking, because it's the type of 9 information investors would want to know about 10 Anadarko; correct? 2:13PM	5 Q And that was in 2009? 2:16PM
11 A It depends on the analyst, but analysts 12 generally discuss and frame the -- do report what the 13 company is saying and provide their own commentary on 14 that.	6 A Yes.
15 So I view them in, among other things, 2:14PM 16 playing that role.	7 Q And the announcement that oil was 8 discovered was the kind of information investors 9 would want to know about Anadarko; correct?
17 Q And analysts also asked questions about 18 Shenandoah at earnings calls?	10 A Yes. I think we agreed that I did not 2:16PM 11 analyze the 2009 pre-class period disclosure. So I'm 12 very hesitant to weigh in on that.
19 A Yes.	13 Q Sure. Let's step back for a moment.
20 Q Did you analyze Anadarko's announcements 2:14PM 21 of the Shenandoah well results?	14 Anadarko is an oil and gas company; right?
22 A All of the event study results I did is in 23 my report. So that would be the alleged misrep dates 24 and the corrected -- and then the May dates. So that 25 is the complete list of dates that I looked at. 2:14PM	15 A Yes. 2:16PM
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1 Q And your analysis -- 2:14PM	16 Q And Anadarko seeks to find oil; correct?
2 A I did a little work on April, too, so 3 there's April Firestone, there's the May dates and 4 there's the alleged misrepresentation dates.	17 A Yes.
5 I guess one -- there is a lot of event 2:14PM 6 studies. The other thing I would say is and then 7 for my efficiency analysis, I looked at some dates 8 as well. So I'm sorry.	18 Q Shenandoah 1 was an announcement of 19 finding oil in the Gulf of Mexico; correct?
9 Those would be the complete list of dates 10 that I looked at. 2:15PM	20 A That's my understanding. 2:16PM
11 Q Okay. So that would be the complete list 12 of dates that you looked at and your analysis is 13 contained within the four corners of your various 14 reports; correct?	21 Q So generally speaking, it would be the 22 type of announcement that investors would be 23 interested in about Anadarko; correct?
15 A Yes. 2:15PM	24 A Again, you're asking me to analyze an 25 announcement and analyst commentary I did not focus 2:16PM
16 Q Now, I understand your testimony to be 17 that you focused in mostly on the class period 18 dates. Did you also analyze the Shenandoah 1 19 announcement?	Page 40
20 A I don't have a specific discussion of that. 2:15PM 21 I would have to go back to my original report from a 22 year and a half ago -- a year plus ago for the analyst 23 reports.	1 on. It was not Mr. Steinholt. 2:16PM
24 My memory is that's mostly class period, 25 but I would have to confirm that. 2:15PM	2 But I agree at a high level of generality 3 that if, for example, an oil company was going to 4 make a lot of money from oil, that that would be 5 something that would be relevant. 2:17PM
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16 Q Now, I understand your testimony to be 17 that you focused in mostly on the class period 18 dates. Did you also analyze the Shenandoah 1 19 announcement?	6 Q There was a statistically significant 7 increase following that announcement?
20 A I don't have a specific discussion of that. 2:15PM 21 I would have to go back to my original report from a 22 year and a half ago -- a year plus ago for the analyst 23 reports.	8 A I did not analyze that. I did not see that 9 in Mr. Steinholt's reports.
24 My memory is that's mostly class period, 25 but I would have to confirm that. 2:15PM	10 Q So it's your testimony that in none of his 2:17PM 11 reports he mentioned the increase following the 12 Shen 1 disclosure?
Page 41	
16 Q Now, I understand your testimony to be 17 that you focused in mostly on the class period 18 dates. Did you also analyze the Shenandoah 1 19 announcement?	13 A You know, you can refresh my recollection. 14 Sitting here off the top of my head, I do not recall 15 that. 2:17PM
20 A I don't have a specific discussion of that. 2:15PM 21 I would have to go back to my original report from a 22 year and a half ago -- a year plus ago for the analyst 23 reports.	16 Q In any event, you did not test Shen 1 for 17 statistical significance?
24 My memory is that's mostly class period, 25 but I would have to confirm that. 2:15PM	18 A That's correct. All of the event study 19 results are the ones that I enumerated earlier.
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1 did. 2:18PM	1 A I did not memorize the March 2013 2:20PM
2 Q But you sitting here today have no reason 3 to dispute that following the announcement of the 4 results of Shenandoah 1, there was a statistically 5 significant increase of the price for Anadarko 2:18PM	2 announcement. I'm sure the document speaks for 3 itself.
6 common stock?	4 Q Again, that would be value-relevant 5 information for Anadarko; correct? 2:20PM
7 A I don't have a view as to the statistical 8 significance of a day in 2009, six years before the 9 class period.	6 A It's possible. Depends on the facts and 7 circumstances, including oil prices.
10 Q That announced the discovery of 11 Shenandoah? 2:18PM	8 But again, a statement years before the 9 class period, I don't see the relevance of.
12 A In your hypothetical, yes, that's correct. 13 So I did not -- I don't recall seeing that in 14 Mr. Steinholt's reports, in his damages or anything 15 else. 2:18PM	10 Again, it did not figure, in my memory, in 11 Mr. Steinholt's work. 2:20PM
16 But no, I don't know offhand that 17 particular result six years before the class period 18 of time.	12 MS. JENSEN: So I'm going to move to 13 strike everything after "depends on the facts and 14 circumstances."
19 Q Okay. Again, announcing Shenandoah but 20 we'll leave that aside. 2:18PM	15 The rest of it is nonresponsive, 2:20PM
21 No one else at Compass Lexecon performed 22 any analysis to discern whether the Shenandoah 1 23 announcement was statistically significant?	16 Dr. Ferrell.
24 A Not to my knowledge.	17 Q The Shenandoah 2 announcement also 18 indicated that the company was holding it out as a 19 potentially giant field. Do you recall that?
25 Q Now, the results of Shenandoah 2 were 2:19PM	20 A I do not. I would be happy to look at the 2:21PM
Page 42	21 disclosure if you want to refresh my recollection.
1 announced in March of 2013; right? 2:19PM	22 Q The announcement?
2 A That's my memory.	23 A As I understand your question, you're citing 24 to an announcement by the company in 2013. All I'm
3 Q Okay. And do you also recall that in 4 those announcements, the company said the Shenandoah 5 field was one of Anadarko's largest oil discoveries 2:19PM	25 saying is I did not memorize the wording in this 2:21PM
6 in the Gulf of Mexico?	Page 44
7 A I don't remember that specific language, but 8 I do remember maybe it was in the complaint or 9 Mr. Steinholt's background, March 2013.	
10 Q And so an announcement that Shenandoah was 2:19PM	1 particular announcement. 2:21PM
11 one of the largest oil discoveries in the Gulf of 12 Mexico, that would be the type of information an 13 investor would want to know about Anadarko; right?	2 Q Okay.
14 A Look, I agree that if any company has 15 something that's highly profitable, then that would be 2:19PM	3 A So I would be happy to take a look at a 4 document --
16 value relevant.	5 Q Sure. But no reason to dispute that 2:21PM
17 Again, I focused on the class period 18 misrepresentations alleged and the corrective 19 disclosure and the treatment thereof by 20 Mr. Steinholt. 2:20PM	6 Anadarko was holding Shenandoah out as a potentially 7 giant field in that Shenandoah 2 announcement?
21 Q Are you -- do you also recall that the 22 company boasted in that announcement that it was 23 strategically positioned in the Shenandoah basin, 24 which had the potential to become one of the most 2:20PM	8 MS. ROSENBERG: Objection to form.
25 prolific new areas in the Deepwater Gulf of Mexico? Page 43	9 THE WITNESS: I'm sure there is a record
	10 of what the company said and it says what it says. 2:21PM
	11 BY MS. JENSEN:
	12 Q Do you understand what a giant oil field 13 is?
	14 A I understand the English terms, yes.
	15 Q You don't understand the industry term? 2:22PM
	16 A Well, you're doing an excerpt from the 17 company announcement. I do understand the phrase 18 "giant oil field."
	19 Q What do you understand that to be?
	20 A An oil field that is large. 2:22PM
	21 Q So you don't understand what the industry 22 term is?
	23 A I'm not sure I'm following what your 24 question is.
	25 Q Sure. Someone who is not an oil and gas 2:22PM
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1 expert wouldn't be expected to understand the 2 industry term for a giant field as one that has 3 500 million barrels of oil -- 4 A That I do recall. I remember seeing that in 5 the documents.	2:22PM	1 about. 2 So the answer to the question would be no. 3 Q So the -- you do understand the notion of 4 a price maintenance theory; right?	2:24PM
6 Q Okay. 7 A I do not know that this particular phrase 8 from this particular announcement was referring to 9 that, but yes, I do recall that.	2:22PM	5 A Yes. 6 Q And that is that the price -- or inflation 7 is already priced into the stock at the beginning of 8 the class period; is that right?	2:25PM
10 Q And a reference to a field having 11 500 million barrels of oil or oil equivalent would 12 be also value-relevant information to investors; 13 correct?	2:22PM	9 A I think that's a fair way to put it. That 10 is to say that there is no price reaction because the 11 alleged misrepresentation is meeting expectations or 12 some notion like that.	2:25PM
14 A Depending on the facts and circumstances, 15 the oil prices, the cost of getting it out, et cetera, 16 et cetera.	2:23PM	13 Q Now, the larger the oil resource range in 14 the context of an oil discovery, the greater the 15 expectations for future cash flow; correct?	2:25PM
17 Q But standing on its own, all things equal, 18 it would be a pretty exciting development to find a 19 giant oil field; right?	2:23PM	16 A Could you restate the question?	
20 MS. ROSENBERG: Objection.	2:23PM	17 Q Yes, I know, it didn't come out quite 18 right. Let me try that again.	
21 THE WITNESS: It depends on the cost and 22 the oil prices and so forth, but I'm not disputing 23 it could be value relevant, sure.	2:23PM	19 In the oil and gas business, the larger 20 the oil discovery, or the resource range as it's 21 sometimes called, the greater the expectation is for 22 future of cash flow; is that right?	2:26PM
24 BY MS. JENSEN:	2:23PM	23 MS. ROSENBERG: Objection to form.	
25 Q And you have no reason to dispute that the	2:23PM	24 THE WITNESS: Again, you know, and this is 25 I think reflected in the analysts' reports during	2:26PM
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1 price of Anadarko common stock increased by a 2 statistically significant amount after the results 3 of Shenandoah 2 were announced; correct?	2:23PM	1 the class period is it would be a function of a 2 number of variables, including the cost of getting 3 it out, including oil prices and et cetera.	2:26PM
4 A I'm going to have the same colloquially that 5 we had with Shenandoah 1. It was not, as I remember, 6 either in Mr. Steinholt's work or mine in terms of the 7 event study results.	2:23PM	4 So you certainly want to consider the size 5 in conjunction with all those other factors.	2:26PM
8 Q So I'm just focusing on you, Dr. Ferrell. 9 So let's leave Mr. Steinholt out of this. Whether 10 or not you can recall or whatever what he put in his 11 report is a different matter, but I'm just asking 12 for you.	2:23PM	6 BY MS. JENSEN: 7 Q Resource size is one of those other 8 factors?	
13 You have no reason to dispute that the 14 price of Anadarko common stock increased by a 15 statistically significant amount following the 16 Shen 2 announcement; correct?	2:24PM	9 A Sure, so the resource size meaning is it X 10 number of barrels or Y number of barrels in 11 conjunction with oil prices and cost and so forth.	2:26PM
17 A That's correct.	2:24PM	12 Q So a reasonable investor then would want 13 to know if the resource size was shrinking over 14 time; right?	
18 Q And that type of information, a 19 statistically significant increase in the price, 20 would be informative for a price impact analysis; 21 correct?	2:24PM	15 A You used the phrase "reasonable investor." 16 To my mind that has a legal connotation.	2:27PM
22 A Well, I want to be careful here. The price 23 impact analysis, as I understand it, is concerning the 24 price impact of the alleged misrepresentations which 25 happened years after the events that we're talking	2:24PM	17 Q Sure. Okay. That's fair. Okay. 18 But investors, generally speaking, we'll 19 set aside reasonable investor, but that is the type 20 of information that investors would be interested in 21 as value relevant; correct?	2:27PM
	Page 47	22 A I agree that investors, the market would 23 want to know value-relevant information. And if an 24 oil find, given the costs and the revenues given oil 25 prices, is going to generate positive net present	2:27PM
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1 value, that would be value-relevant information. 2:27PM	2 Q And so it would be value-relevant 2:27PM	3 information if, for example, the resource size 2:27PM	4 shrank by 70 percent? 2:27PM	5 MS. ROSENBERG: Objection to form. 2:27PM	6 THE WITNESS: It could, but it depends on 2:27PM	7 the facts and circumstances. So if oil prices, for 2:27PM	8 example, were such that whether it's one size or 2:27PM	9 another, it was never going to be developed or 2:27PM	10 profitable, that would be a factor as well. 2:28PM	11 So I would want to look at the market's 2:28PM	12 view, either through an event study analysis and all 2:28PM	13 the potential factors that would feed into what is 2:28PM	14 value-relevant information. 2:28PM	15 BY MS. JENSEN: 2:28PM	16 Q So for purposes of my question, let's just 2:28PM	17 hold everything steady, okay? 2:28PM	18 Everything else is steady, we've got oil 2:28PM	19 prices steady. We've got costs steady. The one 2:28PM	20 thing that is changing, the variable that is dynamic 2:28PM	21 here and decreasing is resource size. 2:28PM	22 A Mm-hmm. 2:28PM	23 Q On the order of magnitude of 70 percent. 2:28PM	24 Now, that would be value-relevant information for 2:28PM	25 investors; correct? 2:28PM
Page 50																								
1 MS. ROSENBERG: Objection -- 2:28PM	2 THE WITNESS: It could be value relevant, 2:28PM	3 again, if what you're holding constant doesn't 2:28PM	4 render unprofitable or not a net value present 2:28PM	5 project to begin with. 2:28PM	6 So but I'm not arguing that it could be 2:28PM	7 value relevant. It would depend on -- it would be 2:28PM	8 an empirical question. 2:28PM	9 But -- so with that framing, I agree that 2:29PM	10 it could be value relevant. 2:29PM	11 BY MS. JENSEN:	12 Q And if the resource size shrank so much 2:29PM	13 that all other things being held steady but that 2:29PM	14 factor rendered the oil prospect unviable, that 2:29PM	15 would be value relevant; correct? 2:29PM	16 A So if I understand the hypothetical, your 2:29PM	17 hypothetical is that -- your hypothetical is there is 2:29PM	18 a value -- net present value project that the market 2:29PM	19 views as net present value. 2:29PM	20 And something changed, in your example the 2:29PM	21 resource size changed, such that it's no longer, in 2:29PM	22 your hypothetical, viewed as a net present value 2:29PM	23 project. 2:29PM	24 I agree, it follows that that would be 2:29PM	25 value relevant. I mean almost tautologically. 2:29PM
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1 complaint or discussion of Shen 2, that's my general 2:45PM	2 recollection. 2:45PM	3 Q So this is a document that was cited in 2:45PM	4 your report at Appendix 2-7. 2:45PM	5 A Can I take a look at the document? Can I 2:45PM	6 read it? 2:45PM	7 Q Yes. 2:45PM	8 A Yes, okay. I see it. 2:45PM	9 Q And does it appear to be the same document 2:45PM	10 as you cited in your report? 2:45PM	11 This is an article "Anadarko Petroleum, 2:45PM	12 Four Partners Announce Gulf of Mexico Discovery." 2:45PM	13 This is March 19th, 2013 on the Dow Jones News 2:45PM	14 wires. 2:45PM	15 A You want me to look at my docs relied upon 2:46PM	16 list, is that the question? 2:46PM	17 Q You can, yes. Do you have any reason to 2:46PM	18 doubt that you cited this? 2:46PM	19 A I was just asking you what your question 2:46PM	20 was. No, I don't have any reason to doubt. 2:46PM	21 Q Okay. We were talking a little bit 2:46PM	22 earlier about Shen 2 and whether you had analyzed 2:46PM	23 the price increase after the announcement. 2:46PM	24 You see that this report, which you cite 2:46PM	25 as a materials relied upon, as saying that shares of 2:46PM
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1 the Anadarko are up 2.3 percent in after-hours 2 trading the date of this announcement? 3 A It does say that. 4 Q And in this announcement, it also uses the 5 same language I had referred to earlier as the 6 potentially giant project? 7 A That's in the beginning of the document. 8 Q Okay. So this was in your materials 9 relied upon, but you did not analyze whether this 10 increase was statistically significant?	2:46PM	1 disclosure or omission. 2 But at a high-level generality it is to 3 say that in a net present value calculation, there's 4 two inputs, the discount rate or the measure of risk 5 and the cash flows.	2:50PM
11 A Correct. 12 Q Okay. You can set that aside. 13 Okay. We talked a little bit about 14 value-relevant information. In your opinion would 15 investors have wanted to know about risks to the 16 commercial viability of Shenandoah?	2:47PM	6 So yes, by definition, if you change one, 7 it would change the net present value. 8 Again, risk meaning -- defined in the way 9 that I just did.	2:50PM
17 A This is a very abstract question, but I 18 think that for any -- if a project is value relevant, 19 then in holding constant cash flows if the risk is 20 non-diversifiable, then it would affect the net 21 present value calculation.	2:48PM	10 Q Now, in your opinion, would investors want 11 to know if someone on the Shenandoah project, a lead 12 reservoir engineer, had filed a SEC whistleblower 13 complaint with the SEC?	2:50PM
22 Again, holding constant cash flows, if the 23 source of risk is non-diversifiable, that's the type 24 of risk that we priced.	2:48PM	14 MS. ROSENBERG: Objection, form.	2:50PM
25 So to that extent, it would be relevant to	2:48PM	15 THE WITNESS: You're asking things outside 16 the scope of my opinion. So with respect to any 17 piece of information, I'm looking at whether it's 18 value relevant and would have a price impact, I 19 would want to do the type of analysis that I do for 20 the information that I do analyze.	2:51PM
	Page 54	21 BY MS. JENSEN: 22 Q Why don't you go ahead and -- in the 23 context of, for example, my question. 24 So my question being, would investors want 25 to know if the project lead had filed a	2:51PM
	Page 56		
1 the net present value calculation. 2 Q Right. Because it would have implications 3 for future cash flows; right? 4 A No, no, no. So as I understood your 5 question, you have cash flows and you have the risks 6 that are -- so holding constant the cash flows, if you 7 change the risk profile, that can affect the net 8 present value if what we mean by risk is 9 non-diversifiable sources of risk. 10 Q What do you mean by non-diversifiable 11 risks?	2:48PM	1 whistleblower complaint with the SEC alleging 2 Anadarko was misleading the market about Shen's 3 commerciality? 4 Would that be value relevant? 5 A Again, I don't know the content -- I mean, I 6 did read the complaint that references that. I don't 7 know all the fact and circumstances. 8 But, again, any piece of information, 9 whether it's a whistleblower or some other piece of 10 information, I would want to look at event study 11 analyses to see whether the market priced it when it 12 is disclosed.	2:51PM
12 A If we're talking about a net present value, 13 traditionally you discount cash flows by risk that 14 can't be shed by, for example, owning a diversified 15 portfolio.	2:49PM	13 So, again, I analyzed specific pieces of 14 information and for any hypothetical with any other 15 type of information, your example of whistleblower, 16 I would do the same approach that I did here.	2:51PM
16 Q Right. So again, in my hypothetical or in 17 my question really, we're holding this constant and 18 we're saying that it would either -- as I 19 understand, it would either increase the risk 20 thereby, it would change the cash flow profile of it 21 or it could also impact the discount rate; right?	2:49PM	17 Q And in the absence of data on a market 18 reaction because in this instance, for example, 19 Anadarko was acquired and no longer sold on the 20 market when it was disclosed, what would be the 21 factors you would want to look at to determine 22 whether it would be value relevant?	2:52PM
22 A So we're talking at a very high-level 23 generality, so I'm not --	2:50PM	23 A I would have to think about it. I don't 24 have an off-the-cuff answer.	2:52PM
24 Q Yes.		25 Q Okay. But certainly it could increase the	
25 A I'm not making an interpretation of any	Page 55		Page 57

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<p>1 risks for the project if it was meritorious; 2:52PM  2 correct?</p> <p>3 MS. ROSENBERG: Objection, form.</p> <p>4 THE WITNESS: It's an incomplete 2:52PM  5 hypothetical. I would need to think about it, 6 including whether risk is diversifiable or not.</p> <p>7 I would -- I just would need to think 8 about it. It's not the subject of my report.</p> <p>9 BY MS. JENSEN:</p> <p>10 Q Sure. But a whistleblower complaint -- 2:52PM  11 I'm just stepping back for a second. I mean, you've 12 been doing this for a long time.</p> <p>13 A whistleblower complaint can increase 2:53PM  14 the -- can increase legal costs to the company, for 15 example?</p> <p>16 A Anything is possible. But I just haven't 2:53PM  17 considered it -- I don't have an answer off the cuff.</p> <p>18 It's just not the subject of my report.</p> <p>19 Q So you're not opining one way or the other 2:53PM  20 as to whether the whistleblower complaint in this 21 case was value relevant?</p> <p>22 A Correct.</p> <p>23 Q In your opinion would investors want to 2:53PM  24 know --</p> <p>25 A With a quick caveat, which is I do analyze 2:53PM</p>	<p>1 whistleblower complaint. 2:54PM  2 Q So in your opinion, would investors want 3 to consider that Shenandoah was not commercial 4 during the class period?</p> <p>5 A Your questions are pitched at a very-high 2:55PM  6 level generality. So what the market would want to 7 know is value-relevant information. And so it's an 8 empirical question as to whether any piece of 9 information is value relevant or not.</p> <p>10 Q And the commerciality of Shenandoah would 2:55PM  11 fall into the category of value-relevant 12 information; correct?</p> <p>13 A Well, I would want to look at the 2:55PM  14 disclosures concerning what is alleged to be value 15 relevant and see -- you know, do the analysis to see 16 how the market prices that information.</p> <p>17 Q One of the things that would be important 2:55PM  18 to find out whether, for example, after the 19 Shenandoah discovery was announced, whether the 20 price increased; right? 2:55PM</p> <p>21 A So if you're referring to a statement made 2:56PM  22 six years and two years before the class period, I 23 don't think that's the -- you know, I'm analyzing the 24 alleged misstatements, the 21 or so here in the 25 alleged corrective disclosures. In my view that's the 2:56PM</p>
<p>Page 58</p> <p>1 certain disclosures. To the extent -- I'm not saying 2:53PM  2 if this holds true, but to the extent that the 2:53PM  3 information I do analyze the after-market close 2:53PM  4 disclosures on May 3rd intersect with what some -- 2:53PM  5 your whistleblower complaint would only be to that 2:53PM  6 extent.</p> <p>7 Q Well, I mean, let's not talk in 2:54PM  8 generalities. Are you saying that you've analyzed 2:54PM  9 the whistleblower complaint in your report?</p> <p>10 A No, what I am saying is I did analyze 2:54PM  11 specific disclosures and to the extent that those 2:54PM  12 disclosures would have been revealed in your 2:54PM  13 hypothetical disclosure whistleblower is the extent to 2:54PM  14 which I analyzed it.</p> <p>15 I'm not providing an opinion on 2:54PM  16 whistleblower complaint.</p> <p>17 Q I mean, I just want to be clear. I don't 2:54PM  18 want to have us two ships in the night.</p> <p>19 Did you analyze the whistleblower 2:54PM  20 complaint in your report or not?</p> <p>21 A No, I analyzed specific disclosures that had 2:54PM  22 a price impact.</p> <p>23 And again, to the extent that those two 2:54PM  24 questions overlap is the extent to which I analyzed 2:54PM  25 it, but I'm not providing an opinion on the 2:54PM</p>	<p>Page 59</p> <p>1 appropriate way to do the analysis. 2:56PM  2 Q But you limited your analysis to the class 2:56PM  3 period even though there were announcements related 2:56PM  4 to Shenandoah that predated it?</p> <p>5 A Well, this is not an open-ended exercise. 2:56PM  6 There's specific statements that are alleged to be 2:56PM  7 misrepresentations that do not include the two 2:56PM  8 statements that we have been discussing. They begin 2:56PM  9 in 2015.</p> <p>10 And there's information that is alleged to 2:56PM  11 be corrected and to measure the value of that 2:56PM  12 information, the information being the corrective 2:56PM  13 information in the statement.</p> <p>14 So that's my understanding of the relevant 2:56PM  15 inquiry.</p> <p>16 Q You do understand the life span of oil 2:56PM  17 discoveries can be long; right?</p> <p>18 A That seems fair.</p> <p>19 Q And you also understand that in securities 2:56PM  20 fraud cases, there are statutes of limitations; 2:56PM  21 right?</p> <p>22 A That sounds right.</p> <p>23 Q So you have no reason to doubt that some 2:57PM  24 of the time frame that may be relevant to Shenandoah 2:57PM  25 predates the class period for legal reasons? 2:57PM</p>

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1 MS. ROSENBERG: Objection to form. 2:57PM	2 THE WITNESS: I'm not sure I understand 3 what the question is. 4 My understanding is and my assignment was 5 for whatever reasons, there is a complaint that 2:57PM 6 alleges specific misstatements beginning in February 7 2015 and there is an analysis that reports the 8 value, the impact of those misstatements and 9 that's -- whatever the legal context is that arrived 10 at those claims, those are the claims that I am 2:57PM 11 addressing in this context.	1 misstatements. 3:00PM
12 BY MS. JENSEN:		
13 Q Sure. There's -- to close the loop on 14 that, you're not opining that any information prior 15 to the class period is immaterial; correct, on 2:57PM 16 the --	13 Q So is earnings information the type of 8 information investors want to know?	
17 A If the question is, is it possible, prior to 18 February 2015, there were other disclosures by the 19 company, whether it be -- whatever the disclosure 20 might be that could be value relevant, sure. 2:58PM	17 A Well, again, earnings can certainly be value 10 relevant. Whether -- again, it can meet expectations 3:00PM 11 or it could be a surprise that's negative or positive 12 for the company.	
21 But that's not -- the question here is 22 there's 21 specific alleged misrepresentations and 23 corrective disclosures thereof and that's what I'm 24 focused on.	13 Q So is it -- are you opining that new 14 relevant information has to miss or exceed 15 expectations, it can never be meeting expectations? 3:01PM	
25 Q So in terms of those 21 days that -- 2:58PM	16 A That's not what I said. I said that 17 earnings can take different forms, including meeting 18 expectations. That's not to say that in the 19 hypothetical earnings that met expectations, that's 20 not to say that an earnings miss would not have 21 elicited a stock price reaction. 3:01PM	
Page 62	22 Q So let me just make sure I understand. 23 So is it possible then that there can be 24 new value-relevant information that meets 25 expectations? 3:01PM	Page 64
1 A I believe it's 21. Let me -- I don't want 2:58PM 2 to -- let me confirm that.	1 A Well, if we're going to get into I think 3:01PM 2 semantics here. It wouldn't be new in the sense that 3 it was anticipated by the market. So if it meets 4 expectations, it's not new. It can be value relevant, 5 but it wouldn't be new because it's anticipated. 3:01PM	
3 I believe it's -- yes, there's 21 dates 4 listed in my Appendix 4.	6 It would be value relevant in the sense 7 that if another disclosure had been made, some 8 but-for disclosure that could and should have been 9 made that deviated from that expected earnings, that 10 that could have elicited a price reaction. 3:02PM	
5 Q So is it your contention that if 2:58PM 6 Anadarko's alleged misleading statements contained 7 new value-relevant information, then the stock price 8 would have increased on those 21 days by a 9 statistically significant amount?	11 Q Now, as I understand it, you contend that 12 this is a basic economic principle; is that right?	
10 A It's my contention that that would be 2:59PM 11 relevant economic evidence that would need to be 12 considered, that is, whether the misrepresentations 13 reveal value-relevant information as evidenced by the 14 stock price reaction.	13 A I don't --	
15 Q But you're not opining that there is no 2:59PM 16 other way to evidence the value-relevant information 17 that was priced into the stock during the class 18 period?	14 Q That's not how you would say it?	
19 A Well, I do -- I do think it's important to 20 do not just the front end 21 alleged 2:59PM 22 misrepresentations but the back end as well, by which 23 I mean the alleged corrective disclosures, the 24 corrected disclosure reactions to which are being used 25 to measure the value of the information that's claimed	15 A I don't understand what your question is. 3:02PM	
Page 63	16 Q Okay. So is there somewhere in the 17 literature I could look for this definition of new 18 value-relevant information?	
3:00PM	19 A Well, I think it's the definition of the 20 efficient markets, right. So the semi-strong 21 efficient market would be a market that quickly 22 impounds new value-relevant information.	3:02PM
25 priced.	23 So a market that's efficient, if 24 information is anticipated, that means it's been	3:03PM
Page 63	25 priced.	Page 65

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1        So the way I would view it is it goes to 3:03PM	1        A I'll read Footnote 14. I state 3:06PM
2 the definition of an efficient market.	2 "Specifically, I searched the Lexis-Nexis and Factiva
3        If the market anticipated the information,	3 databases for news articles with 'Anadarko' in the
4 that means it would have been priced.	4 headline and lead paragraph."
5        Q Okay. So if I understand your explanation 3:03PM	5        Q Why did you use that methodology? 3:06PM
6 in your report of the alleged misstatement days,	6        A To try to understand the total mix of
7 even if there is a statistically significant price	7 information.
8 increase, there is another step that an expert must	8        Q And that's a reliable way of understanding
9 look for, which is confounding factors that could	9 the total mix of information?
10 have offset the representation; is that right? 3:03PM	10        A Reading -- there's nothing wrong with 3:07PM
11        A Yes, or, you know, just -- I'm putting it at	11 reading -- I'm not quite sure I understand. So is it
12 a more general level. You want to think about the	12 reliable to read press articles, I mean, it obviously
13 informational market and the change in the total mix	13 depends on what you do with it.
14 that would be consistent with a stock price reaction	14        But I don't see why as part of
15 that one is observing. 3:04PM	15 understanding the total mix that wouldn't be 3:07PM
16        Q And did you perform this step for each of	16 something that you could consider.
17 the 21 days that you analyzed?	17        Q It's a reliable way of searching for press
18        A I did that for the -- I believe three days	18 articles; correct?
19 that are statistically significant.	19        A It's going to pull according to the search
20        Q How did you go about doing that? 3:04PM	20 terms. 3:07PM
21        A Well, I looked at the -- let me turn to my	21        Q What is the database it pulls against?
22 report. Sorry, this is in my appendix.	22        A Lexis-Nexis and the Factiva databases per
23        So I'm looking at Appendix 5-1. So I	23 Footnote 14.
24 obviously looked at the information release in	24        Q No, I understand that. So what's in the
25 question. I look at analysts' reports that's, you 3:05PM	25 Lexis database? 3:07PM
Page 66	Page 68
1 know, for these three dates, February 2nd, obviously 3:05PM	1        A Oh, I don't know the specifics. It's a 3:07PM
2 I look at the disclosures by the company, the	2 general database of news articles. And Factiva I know
3 associated analyst reports, again, to understand the	3 covers lots of the leading publications, financial
4 total mix of information and how it might have	4 times, a lot of the general publication newspapers.
5 changed the way that's consistent with the observed 3:05PM	5 But I don't have a specific list. 3:08PM
6 stock price reactions.	6        I do know Factiva in particular is a very
7        Q Okay. So you looked at analysts reports?	7 standard database for this sort of thing.
8        A Well, my appendix speaks for itself. But,	8        Q So you would expect that any news report
9 yes, I did -- in my Appendix 5, going through	9 of note would be contained in those databases?
10 Appendix 5-1 through 5-7, did I look at analyst 3:05PM	10        A I think you're misstating what I'm saying. 3:08PM
11 reports. Also press articles.	11 I'm saying I'm going to pull from these databases,
12        Q Okay. And how did you go about looking at	12 standard databases, information based on the search
13 press articles?	13 term.
14        A Well, I'll read from my report.	14        Q Right. And so it pulls from all major
15        So, for example, in Paragraph 5 I state, 3:06PM	15 news sources? 3:08PM
16 "I also searched for press articles related to	16        A Well, my general understanding --
17 Anadarko on July 28th-29th, 2015."	17 recollection of Factiva is it has a lot of the major
18        I have a footnote on that.	18 newspapers. And again, obviously, you know, you have
19        I found press articles, and then I	19 to search it and so I used these search terms.
20 describe the press articles. So that in conjunction 3:06PM	20        Q Those databases do not contain Twitter 3:08PM
21 with analyst reports, the actual company disclosures	21 feeds; right?
22 and so forth.	22        A I do not believe so.
23        Q Okay. So I just want to be clear, so you	23        Q And all of the analysis that you did for
24 searched for press articles. How did you search for	24 these three statistically significant days are
25 press articles? 3:06PM	25 contained in this appendix; right? 3:09PM
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<p>1 A Yes, and I think this mirrors an earlier 3:09PM 2 report that is incorporated by reference, which I 3 believe is my opening report.</p> <p>4 Q Now, is it your opinion that the 3:09PM 5 statistically significant price impact following the 3:09PM 6 February 2nd, 2016 statement was not caused by the 7 alleged misleading statement or omission?</p> <p>8 A Let me just review this.</p> <p>9 Yes, so that would be my opinion based on 10 what I say in Paragraphs 6 through 8 inclusive. 3:09PM</p> <p>11 Q Okay. And one of your reasons why the 12 decline was not caused by the misleading statement 13 was that investors were already aware that Anadarko 14 planned to invest --</p> <p>15 A I don't think it was a decline. 3:10PM</p> <p>16 Q I misspoke. You're right. Let me try 17 that one again.</p> <p>18 And one of your reasons why the price 19 increase was not caused by the misleading statement 20 was that investors were already aware that Anadarko 3:10PM 21 planned to invest in longer-dated projects despite 22 low oil prices?</p> <p>23 A Yes, I mean, you're reading in part the 24 earlier disclosure.</p> <p>25 Q Okay. Right. And so that's based on a 3:10PM</p>	<p>1 I'm sorry, what was the question again? 3:12PM 2 Q What was the difference in the oil prices 3 there?</p> <p>4 A So February 2016, jeez, I'm going to -- it's 5 going to be hard to read this. I am a little hesitant 3:12PM 6 to -- I mean, I'm not going to be able to get the 7 exact --</p> <p>8 Q That's okay. But there is a difference; 9 right?</p> <p>10 A Oil prices do fluctuate, that's true. 3:13PM</p> <p>11 Q And so the oil price in October of 2015 --</p> <p>12 MS. JENSEN: Sorry, let's go off the 13 record real quick. Lauren, you probably want me to 14 take this if it's the court.</p> <p>15 MS. ROSENBERG: Okay. 3:13PM</p> <p>16 MS. JENSEN: Go off the record.</p> <p>17 THE VIDEOGRAPHER: We're off the record at 18 3:13 p.m.</p> <p>19 (Recess taken.)</p> <p>20 THE VIDEOGRAPHER: We're back on the 3:14PM 21 record. It's 3:14 p.m.</p> <p>22 BY MS. JENSEN:</p> <p>23 Q Okay. So the oil price in October 2015 24 was around 45?</p> <p>25 A I'm sorry, October 2015? 3:15PM</p>
<p>Page 70</p> <p>1 statement by the company on October 28th, 2015? 3:10PM</p> <p>2 A Yes.</p> <p>3 Q Okay. And what was that statement?</p> <p>4 A I can just read that from my report.</p> <p>5 "Given the challenging supply and demand 3:11PM 6 fundamentals and continued uncertainty around 7 sustainably longer oil prices - sustainably higher 8 oil prices, you can expect us to see continued 9 investment in higher percentage longer cycle 10 opportunities, such as exploration, where we have 3:11PM 11 achieved very encouraging early results offshore 12 Colombia as well as success delineating our 13 activities at Shenandoah."</p> <p>14 Q And nowhere in that statement is 30-dollar 15 oil prices mentioned; is that correct? 3:11PM</p> <p>16 A That's correct. So \$30 is not specifically 17 mentioned in that excerpt.</p> <p>18 Q Right, right, right. So the statements 19 are different in that regard; right?</p> <p>20 A We can agree that \$30 is not in that portion 3:11PM 21 of the statement.</p> <p>22 Q Right. And the oil price on February 2nd, 23 2016, was it more or less than \$30?</p> <p>24 A Well, I have a figure on this.</p> <p>25 So on Page 22, I have the oil prices -- 3:12PM</p>	<p>Page 72</p> <p>1 Q Yes. 3:15PM</p> <p>2 A Forty, 45, I'm not quite sure. It's hard 3 to --</p> <p>4 Q Sure.</p> <p>5 A Given the spacing of the X axis to really 3:15PM 6 pin that down.</p> <p>7 Q So in any event, it's different to say 8 you're going to invest in long-dated projects 9 despite low oil prices in the 30s as opposed to when 10 oil is 46 or \$45 a barrel; right? 3:15PM</p> <p>11 A The oil price between February and October, 12 over that couple of month period did change. So 13 that's fair.</p> <p>14 Q Now, you mentioned in your report that 15 Shenandoah was not mentioned in some percentage of 3:15PM 16 analysts reports on that particular day, I believe 17 it was 58 percent.</p> <p>18 A That I have to refresh my recollection. So 19 we're focused on -- I'm sorry, so we're in 20 Paragraph 7, yes. I see that. 3:16PM</p> <p>21 Q Right. What percentages is necessary for 22 there to be an impact in your opinion?</p> <p>23 A I don't have -- I have no opinion. That's 24 not how I view it, so --</p> <p>25 Q Okay. There's nothing in the literature 3:16PM</p>

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<p>1 that supports a certain percentage of analysts 3:16PM  2 having to mention something for there to be impact?  3 A I never claimed otherwise.  4 Q Okay. And you mentioned that none of the  5 analysts' reports mention Shenandoah when adjusting 3:16PM  6 estimates or price targets; right?  7 A Yes.  8 Q And that's important because if there was  9 an adjustment to the price target based on the  10 information, that means that future cash flows are 3:16PM  11 different than previously expected; right?  12 A Well, according to that analyst. Obviously  13 you want to look at the total mix of information, but  14 according to that analyst, then they are making an  15 adjustment. 3:17PM  16 So you want to look at the totality of the  17 information, but yes, that would be part of the  18 total mix.  19 Q Right. And that relates to the value of  20 the stock; right? 3:17PM  21 A Well, no. I mean, analysts can have --  22 like, for example, there's analysts for Anadarko that  23 during the class period have price targets  24 consistently above the market price.  25 So obviously analysts are commenting and 3:17PM</p>	<p>1 Q Which is what? 3:18PM  2 A Which is you can certainly look at the mix  3 of analyst reports, as I'm doing here, in conjunction  4 with, as I'm doing here, thinking about whether what  5 might be causing stock price reactions in conjunction 3:18PM  6 with the total mix of information that the market has.  7 Q Well, I mean, what you just described is a  8 subjective analysis; right? I mean, thinking about  9 what could have caused the price reaction, I mean,  10 you're just looking at the analyst reports and then 3:19PM  11 saying, well, this is what I think?  12 A I don't think that's a fair  13 characterization.  14 Q Well, I mean, how do you determine what  15 causes the stock reaction then? 3:19PM  16 A Well, I would refer to my statistical  17 analysis as well as my discussion in Paragraphs 6  18 through 8 inclusive.  19 Q And statistical analysis, by that you mean  20 an event study? 3:19PM  21 A Yes. And the efficient market which prices  22 all publicly-available information as the backdrop to  23 this analysis.  24 Q So we talked about the change in price  25 targets. Is the converse true, if information is 3:20PM</p>
<p>Page 74</p> <p>1 they're giving their own view, including views that 3:17PM  2 are different than the market pricing.  3 Q But a change in the price target is -- can  4 be evidence of price impact; right?  5 A I would view it in the context of the total 3:17PM  6 mix of information.  7 Q But generally speaking, the answer is yes;  8 right?  9 A I would frame that the way I just did.  10 Q So you would view it in the context of the 3:17PM  11 total mix of information, so it would be one indicia  12 of price impact; correct?  13 A Again, one analyst changing one price  14 target, certainly you can look at it. I think -- and  15 you want to look at it in conjunction with it's the 3:18PM  16 market price, which is the consensus view of all the  17 market actors, not just one on one, in terms of the  18 value relevance of new information.  19 Q But all things holding steady, it could be  20 an indication of price impact? 3:18PM  21 A Again, there's nothing wrong with reviewing  22 analyst reports in conjunction with thinking about  23 stock price reactions.  24 Q So it's just one piece of information?  25 A I would just frame it just the way I did. 3:18PM</p>	<p>1 not mentioned when adjustments are made to the price 3:20PM  2 target, then conversely, is it fair to say that  3 information most likely did not have an impact on  4 the stock price?  5 A No, I would not put it that way. What I 3:20PM  6 would say is in thinking about stock price reactions,  7 you want to look at the total mix of public  8 information, which includes analyst commentary to be  9 sure.  10 Q And not just commentary, we're talking 3:20PM  11 about price target changes; right?  12 A I would view that as part of the commentary,  13 right. There are views and different ways, whether  14 it's price targets, commentary, what have you, that's  15 part of the total mix of information. 3:20PM  16 I think it's logical to think about that  17 in -- you know, in the context of, for example, why  18 is the stock price changing.  19 Q Now, analysts reduced their price target  20 for Anadarko following its write-off of Shenandoah; 3:21PM  21 correct?  22 A I believe there is a couple. I think --  23 well, there's -- I think Goldman might have done the  24 net asset value. I'm not sure if that's the same  25 thing as a price target. But there is a couple of 3:21PM</p>

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<p>1 analysts that are in that vein. 3:21PM</p> <p>2 Q Right. So Goldman Sachs changed its net 3 asset value; right? It reduced --</p> <p>4 A I think that's different than the price 5 target, if I remember exactly, but we can take a look 3:21PM</p> <p>6 at the Goldman report to refresh my recollection if 7 that's helpful.</p> <p>8 Q So -- but I think your recollection was 9 right that Goldman Sachs changes its asset -- net 10 asset value. 3:21PM</p> <p>11 Also Evercore reduced its price target 12 from 88 to 80; correct?</p> <p>13 A Right, I believe both -- if my memory serves 14 me correctly, both of them are -- the reduced and the 15 higher number are both above the Anadarko stock price. 3:21PM</p> <p>16 Q But hold on a second, because let's just 17 answer my question, okay?</p> <p>18 A Okay. That's my general recollection, 19 although I want to make sure I'm not testifying off of 20 memory of what a -- out of a thousand plus analyst 3:22PM</p> <p>21 reports, what one particularly said.</p> <p>22 Q I mean, understood. I mean, look, it 23 stands for itself; right, that the Evercore May 3rd, 24 2017 report reduced its price target from 88 to \$80 25 based on revisions of the undeveloped GoM resource? 3:22PM</p>	<p>1 MS. JENSEN: For the record, this is L, a 3:24PM</p> <p>2 string of zeros, 80.</p> <p>3 Q Have you seen this document before?</p> <p>4 A Yes, I believe so. Okay. I skimmed it 5 again. Sorry, I've forgotten what the question is. 3:25PM</p> <p>6 Q That's okay. So you have seen this 7 document before?</p> <p>8 A Yes, I do recall.</p> <p>9 Q Okay. And at the bottom actually it says, 10 "Target prices under review. Tentatively trimming 3:25PM</p> <p>11 base target to 64 per share, bear case target to 44 12 per share and bull target" --</p> <p>13 A Yes, I do see those numbers, yes. And this 14 is after discussion about DJ, about -- there is a 15 number of things that they discuss here, but that is 3:26PM</p> <p>16 at the very end of the document.</p> <p>17 Q Right. So there is a number of things 18 that are discussed here; correct? One of the things 19 that is discussed in detail is the disappointing GoM 20 appraisal results; right? 3:26PM</p> <p>21 A Yes, so there's the third paragraph under 22 the comments, that full paragraph. And then it says, 23 "it raises questions about APC's ability to find new 24 tie-back developments for its significant 25 infrastructure." 3:26PM</p>
<p>Page 78</p> <p>1 A I thought you -- so now this is the danger 3:22PM</p> <p>2 of going off memory. Because the numbers that you 3 give me earlier were different, so --</p> <p>4 Q No, I said 88 to 80. Did I misspeak?</p> <p>5 A I thought you said 86. 3:22PM</p> <p>6 Q No, 88 to 80.</p> <p>7 A My fault.</p> <p>8 Q Okay. Lazard also reduced its price 9 target?</p> <p>10 A That I don't -- that might be right. I want 3:22PM</p> <p>11 to look at the report to refresh my recollection. But 12 I do remember Goldman with the net asset value, not 13 the price target, and the -- and then the 80-dollar 14 discussion that we just had.</p> <p>15 Q And I'm not trying to withhold documents 3:23PM</p> <p>16 from you. I just know we have a long day, but I can 17 pull up the Lazard.</p> <p>18 A I'm in your hands. Up to you.</p> <p>19 Q Okay. So this is what has been previously 20 marked as -- I'm sorry, hold on one second. 3:23PM</p> <p>21 So this is what has been previously marked 22 as Exhibit 514. You should be able to see the 23 document.</p> <p>24 A I'm just pulling it up now. 3:24PM</p> <p>25 Q Okay. Good.</p>	<p>Page 80</p> <p>1 Q Right. It also says that "Deepwater Gulf 3:26PM</p> <p>2 of Mexico has shifted from being a positive to a 3 problem"; right?</p> <p>4 A That's the first sentence, yes.</p> <p>5 Q Right. And the second sentence is, "The 3:26PM</p> <p>6 decision to impair Shenandoah (to the tune of 7 1 billion) was surprising given that APC had already 8 drilled five appraisal wells."</p> <p>9 A I see that.</p> <p>10 Q Right. Is this a document that you 3:27PM</p> <p>11 considered?</p> <p>12 A Yes.</p> <p>13 Q Is this in your appendix?</p> <p>14 A That, I don't remember. I do remember 15 seeing this. Maybe it was in -- I forgot what 3:27PM</p> <p>16 context. Maybe it was in Steinholt or -- I just don't 17 remember exactly where. I've read so many analyst 18 reports.</p> <p>19 Q Understood. And this is one where it was 20 tentatively, but tentatively trimmed its base target 3:27PM</p> <p>21 based on the news at this time which includes 22 Shenandoah; right?</p> <p>23 A Yes, it says what it says.</p> <p>24 Q Okay. Going back to February 2nd, 2016, 25 you mentioned that analysts noted Anadarko's good 3:27PM</p>

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1 performance on that date; correct?	3:27PM	1 performance?	3:30PM
2 A I'm sorry, so I believe you're in		2 A Well, I don't have a -- yes, there is better	
3 Paragraph 7?		3 performance, but I'm saying there's positive news	
4 Q Yes.		4 here. There's -- you know, if we turn to Paragraph 8,	
5 A Okay. I do see the Barclays and the	3:28PM	5 I talk about cash management, there is	3:30PM
6 Jeffries and Capital One quotations.		6 better-than-expected earnings, fourth quarter earnings	
7 Q Okay. Now, how many of the analysts		7 results and so forth.	
8 reports identified good performance when making		8 But that in conjunction with the	
9 adjustments to their estimates or price targets?		9 efficiency of the market and the treatment of the	
10 A I don't have a formal answer to that.	3:28PM	10 Shenandoah I think is all supportive of that view.	3:31PM
11 Q Do you have any answer to that?		11 Q And so the analysis that you've got laid	
12 A What I would say as a general matter, not		12 out here, this is the proper way of doing this	
13 speaking specifically about any particular analyst,		13 analysis of what caused the price change; right?	
14 that if there is a big update to a target, I wouldn't		14 A Look, the proper analysis I would pitch at a	
15 be surprised to see an explanation for why that is.	3:28PM	15 higher level of generality, which is if you have a	3:31PM
16 Q Okay. Were there any adjustments to the		16 stock price reaction to think about the total mix of	
17 estimates or price targets based on good		17 information, how that might have changed.	
18 performance?		18 And so that's how I would frame the	
19 A I don't recall that offhand. I don't know		19 inquiry.	
20 the answer to that offhand.	3:28PM	20 Q Now, in your report you criticize	3:31PM
21 Q Why did you provide that information for		21 Mr. Steinholt for failing to undertake any analysis	
22 Shenandoah but not the good performance?		22 to establish an economic basis for his price	
23 A Well, the question here is it's a very		23 maintenance theory; right?	
24 particular one, which is, is it Shenandoah the reason		24 A I do remember that.	
25 for the stock price increase or is there other	3:29PM	25 Q Okay.	3:31PM
	Page 82		Page 84
1 factors.	3:29PM	1 A If you could point me to the particular part	3:31PM
2 So I thought it was particularly useful		2 of the report that we're discussing, that would be	
3 given that is a focal point to point out that, you		3 helpful.	
4 know, how Shenandoah in particular was considered in		4 Q So this is Paragraph 19 at the end.	
5 conjunction with these disclosures.	3:29PM	5 Nineteen. If you need a page number, it's	3:32PM
6 Q In your report you also noted that press		6 Page 11.	
7 articles focused on earnings rather than Shenandoah;		7 A You said the end?	
8 is that right?		8 Q Yes.	
9 A I don't have a photographic memory. I'll		9 A I do see that.	
10 just read what I said.	3:29PM	10 Q Okay. You don't explain in your report	3:32PM
11 "I found that press articles focused on		11 what analysis that would include, do you?	
12 Anadarko's earnings report."		12 A Well, it's really an observation that as I	
13 That's the first part of the second		13 understand it, Mr. Steinholt is just saying the words	
14 sentence in Paragraph 8.		14 "price maintenance" without establishing that that	
15 Q Based on this, you concluded that no	3:29PM	15 theory is applicable here.	3:33PM
16 portion of the statistically significant price		16 Q Does he use the words "price maintenance	
17 increase on February 2nd, 2016 was attributable to		17 theory"?	
18 the Shenandoah statement?		18 A I don't know exactly how he phrases it, but	
19 A Yes. So the economic evidence is consistent		19 I would go to the Footnote 45 where he goes -- where	
20 with the view that the price increase is due to	3:30PM	20 this dialogue: "In your opinion, did these alleged	3:33PM
21 non-Shenandoah reasons, including, as I say here, the		21 statements add to the inflation of the price?	
22 fact that we're assuming that a semi-strong efficient		22 "Add to the inflation, no."	
23 market.		23 So I interpret that, it's just using	
24 Q In fact, you're attributing all of the		24 semantics, as a price maintenance theory.	
25 price increase here to better-than-expected	3:30PM	25 Q Okay. But he didn't use those words	3:33PM
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<p>1 actually? 3:33PM</p> <p>2 A I don't recall either way.</p> <p>3 Q Okay. And you never performed this</p> <p>4 analysis yourself; right?</p> <p>5 A I'm making an observation and then I do do 3:33PM</p> <p>6 the analysis of is there stock price reactions.</p> <p>7 Q But you didn't perform the analysis of</p> <p>8 whether there was an economic basis for the price</p> <p>9 maintenance theory?</p> <p>10 A Well, I disagree with that. What I did do 3:34PM</p> <p>11 is I did look at, you know, one way to assess a price</p> <p>12 maintenance theory is did the alleged truth, when it</p> <p>13 did come out, did it elicit the stock price reaction.</p> <p>14 So I did assess the price maintenance theory in that</p> <p>15 way. 3:34PM</p> <p>16 Q Okay. You did not, however, analyze, for</p> <p>17 example, whether there was a price increase after</p> <p>18 the announcement for Shenandoah 1 or the Shenandoah</p> <p>19 discovery; right?</p> <p>20 A I think we -- I'm just going to repeat what 3:34PM</p> <p>21 we discussed earlier, which is I did not do analysis</p> <p>22 of disclosures years before. This is your first</p> <p>23 example, six years before the class period.</p> <p>24 Q So, I mean, you did not analyze whether</p> <p>25 there was any price increase associated with the 3:34PM</p>	<p>1 A I remember it in -- I don't remember -- I'm 3:36PM</p> <p>2 not going to get the exact analyst, but I do remember</p> <p>3 the 5 to \$7 that Mr. Steinholt points to and obviously</p> <p>4 that's from analyst reports.</p> <p>5 Q Okay. And so just to be clear, because 3:36PM</p> <p>6 you said 5 to 7, so the Capital One analyst report</p> <p>7 was \$4 per share to \$7 per share, you're aware of</p> <p>8 that?</p> <p>9 A Look, there's over a thousand analyst</p> <p>10 reports, if you're going to quiz me on what's 3:37PM</p> <p>11 contained in one analyst report, you're going to have</p> <p>12 to show me the document. I do remember a handful of</p> <p>13 analyst reports that Mr. Steinholt cites and I looked</p> <p>14 at in this regard.</p> <p>15 Q Look, Dr. Ferrell, I want to be respectful 3:37PM</p> <p>16 for your time and also get through all the things we</p> <p>17 need to. So we'll just run through some of them</p> <p>18 here.</p> <p>19 So no reason to dispute that a March 3rd,</p> <p>20 2015 Morgan Stanley analyst report valued Anadarko's 3:37PM</p> <p>21 interest in Shenandoah at \$3 a share?</p> <p>22 A That could well be right. I would want to</p> <p>23 look at the document to refresh my recollection.</p> <p>24 Q Okay. But no reason to dispute that. Any</p> <p>25 reason to -- 3:37PM</p>
<p>Page 86</p> <p>1 announcement of the discovery itself? 3:35PM</p> <p>2 A I can just repeat what we went over I think</p> <p>3 in detail, which is one of -- I've done many event</p> <p>4 studies, but I did not include in my event study the</p> <p>5 2009 or 2013 statements, the statements that occurred 3:35PM</p> <p>6 years before the class period.</p> <p>7 Q You could have, obviously; right?</p> <p>8 MS. ROSENBERG: Objection --</p> <p>9 THE WITNESS: I could have done anything</p> <p>10 that I felt was appropriate for the purposes of the 3:35PM</p> <p>11 assignment that I was given.</p> <p>12 BY MS. JENSEN:</p> <p>13 Q Another way to determine -- besides</p> <p>14 looking at the announcements where there were</p> <p>15 statistically significant increases, another way to 3:35PM</p> <p>16 determine how investors viewed Shenandoah would be</p> <p>17 to look at how analysts valued it; right?</p> <p>18 A You could certainly look at, as part of the</p> <p>19 total mix of information, analyst commentary and</p> <p>20 whether that's -- explains the price reactions that 3:36PM</p> <p>21 one observes when the alleged corrective information</p> <p>22 came out.</p> <p>23 Q So you are aware that a Capital One</p> <p>24 analyst report from February 2nd, 2015 attributed</p> <p>25 1.8 to \$3.6 billion in value to Shenandoah? 3:36PM</p>	<p>Page 87</p> <p>1 A I don't have a photographic memory of a 3:37PM</p> <p>2 thousand plus analysts. I certainly looked at the</p> <p>3 claim that the reason for the price decline on May 3rd</p> <p>4 is because of these earlier evaluations.</p> <p>5 Q Okay. 3:38PM</p> <p>6 A As reflected in these earlier evaluations,</p> <p>7 the 5 to 7, the 3, the 4, what have you.</p> <p>8 Q I mean, look, you can characterize this</p> <p>9 however you're going to. That's your prerogative.</p> <p>10 But I'm just asking you right now about the analyst 3:38PM</p> <p>11 reports.</p> <p>12 So there's also an April 9th, 2015</p> <p>13 Imperial Capital analyst report that valued</p> <p>14 Anadarko's interest in Shenandoah at \$3 billion.</p> <p>15 Are you aware of that? 3:38PM</p> <p>16 A I'm aware of these valuations in the general</p> <p>17 way that we talked about. As to any specific analyst</p> <p>18 report, I would like to have the opportunity to review</p> <p>19 to refresh my recollection.</p> <p>20 Q Sure. But in general you're aware that 3:38PM</p> <p>21 some analysts attributed substantial value to</p> <p>22 Shenandoah at or around the beginning of the class</p> <p>23 period?</p> <p>24 A So that's a fair question. So my general</p> <p>25 view -- my general recollection of these analysts 3:38PM</p>

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<p>1 reports that we're talking about is there are some 3:39PM  2 that valued it, you know, conditional or assuming that  3 it gets sanctioned, so that's obviously a function of  4 oil prices.</p> <p>5 There's some that put it into the net 3:39PM  6 asset value. There's some that do a risk  7 adjustment, some don't.</p> <p>8 So there is a couple of different things  9 going on here. And then some of them have price  10 targets above the stock price of Anadarko. So 3:39PM  11 there's sort of a mix of different things going on  12 here.</p> <p>13 Q Okay.</p> <p>14 A My general memory, which I want to come back  15 to is a number -- I'm not saying all of these numbers 3:39PM  16 are conditional or assuming that the project gets  17 sanctioned.</p> <p>18 Q I think the -- you would have to look  19 report by report, it would state on its face; right?</p> <p>20 A I said the statement I just made is based on 3:39PM  21 my reading of the analyst reports, and my memory is  22 that the analysts say assuming conditional on it being  23 sanctioned.</p> <p>24 Q But you're not saying that all analysts  25 said that; right? That's not what you're saying? 3:40PM</p>	<p>1 Morgan Stanley, Capital One and others, had 3:41PM  2 significantly greater evaluations of Shenandoah for  3 Anadarko's overall evaluation than Mr. Steinholt's  4 estimates of inflation during the early part of the  5 class period; right? 3:41PM</p> <p>6 MS. ROSENBERG: Objection to form.</p> <p>7 THE WITNESS: Again, my memory is many,  8 I'm not saying all, of these analysts are  9 conditional on sanctioning the project.</p> <p>10 And not all analysts -- you know, there is 3:42PM  11 a handful of analyst that is say it's low to zero.</p> <p>12 So there's different numbers floating out  13 here that are pitched and framed in different ways.</p> <p>14 BY MS. JENSEN:</p> <p>15 Q So, look, we talked about it earlier. So 3:42PM  16 I don't think we need to go back there.</p> <p>17 But earlier you did testify that some  18 lowered their NAV after the write-off; right? So  19 that couldn't have been conditional. Will you just  20 generally agree with that? 3:42PM</p> <p>21 A So my memory -- I am a little nervous, this  22 is turning into a memory test. My memory is that  23 Goldman changed its NAV but not its price target. I  24 think that's the -- that's my memory. Obviously the  25 Goldman report speaks for itself. 3:42PM</p>
<p>Page 90</p> <p>1 A I think there is a mix of things. I'm not 3:40PM  2 saying all analysts saying that. I think a number of  3 these evaluations are that.</p> <p>4 But there's others that are saying low to  5 zero, there's others that are doing a risk 3:40PM  6 adjustment. So there is a couple of different  7 numbers floating around here.</p> <p>8 Q Understood. I just want to make sure.</p> <p>9 And, look, if we need to make this deposition be a  10 two-day deposition because I have to put all of 3:40PM  11 these analyst reports be in front of you, we can  12 talk about that.</p> <p>13 What I would like for you to be able to  14 honestly testify to is that not all analysts  15 conditioned their evaluation of Shenandoah on being 3:40PM  16 sanctioned. I think you should be able to confirm  17 that.</p> <p>18 A So my recollection -- I know a deposition is  19 not a memory test, my recollection is some but not all  20 the analysts did the explicit condition when 3:41PM  21 sanctioning is my best recollection.</p> <p>22 That being said, the analyst reports speak  23 for themselves.</p> <p>24 Q So going back to some of the examples that  25 we talked through, some of the analysts, including 3:41PM</p>	<p>Page 92</p> <p>1 Q So in any event, you will agree that the 3:42PM  2 analysts who attributed 5 to \$7 per share in value  3 to Shenandoah for purposes of Anadarko is a greater  4 amount than Mr. Steinholt's estimate of inflation  5 during the early start part of the class period; 3:43PM  6 right?</p> <p>7 A I agree that 5 is bigger than 2 or whatever  8 the exact number is.</p> <p>9 My memory of the 5, but we would have to  10 double check the record, is that that particular 3:43PM  11 number, the 5, was conditionally sanctioned is my  12 memory, but I could be misremembering.</p> <p>13 Q And the report will speak for itself.</p> <p>14 A I agree with that.</p> <p>15 Q So the substantial evaluations of analysts 3:43PM  16 to Shenandoah in the early part of the class period  17 indicates that the stock price reflected substantial  18 value for Shenandoah; correct?</p> <p>19 A I don't agree with your statement. Your  20 question has an assumption baked in which I don't 3:44PM  21 agree with.</p> <p>22 Q Okay. And that's based on what you're  23 saying is a conditional?</p> <p>24 A In part that there is a -- there's different  25 numbers including conditional and sanctioning, the 60, 3:44PM</p>

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<p>1 the \$70 oral price when prices are in the 30s or 40s. 3:44PM  2 It's also other analysts ascribe little to  3 zero value.  4 So, again, I just don't agree with the  5 predicate of your question. 3:44PM  6 Q Let's make sure that I understand each one  7 of your disagreements, the basis for it.  8 So you disagree with that statement  9 because some analysts had a conditional price for  10 Anadarko -- for Shenandoah's valuation of Anadarko? 3:45PM  11 A Yes, I think the way you framed it glosses  12 over that important point.  13 Q Okay. So that's a basis for disagreement.  14 What other basis do you have for  15 disagreement with that statement? 3:45PM  16 A Well, some did an NAV adjustment and  17 aligning to the price target; some did a risk  18 adjustment; some don't talk about that.  19 Some have a low to zero value, as I  20 described in my report. 3:45PM  21 So your generalized statement I think  22 glosses over all that information.  23 Q Okay. Is there any other reason that you  24 disagree with the statement?  25 A Those are the ones that come to mind. 3:45PM</p>	<p>Page 94</p> <p>1 beginning of the class period with, is saying that's 3:47PM  2 the price in the beginning of the class period the  3 information the plaintiffs allege could ensure it's  4 disclosed.  5 Q Okay. But again, you agree that there is 3:47PM  6 a statistically significant price decrease on  7 May 3rd, 2017?  8 A I do.  9 Q Now, if -- hypothetically, if the  10 disclosure of the alleged truths in the corrective 3:47PM  11 disclosure causes the price to climb by a  12 statistically significant amount, that is evidence  13 that the price had been inflated; is it not?  14 A I just want to be real clear, forgive me for  15 restating the question. 3:48PM  16 So your assumption is there's corrective  17 information, it is corrective of the misstatements.  18 No argument about whether it's corrective or not.  19 It's new corrective information, so the  20 market hadn't priced it earlier, that there is no 3:48PM  21 confounding information and, ergo, that caused what  22 we're positing to be a statistically significant  23 negative residual in your hypothetical.  24 Under all those conditions, I agree.  25 Now, separate question as to what the 3:48PM  Page 96</p>
<p>1 Q Well, I mean, I want to understand your 3:45PM  2 testimony. So is there any other reason under your  3 analysis that you disagree with that statement?  4 A No. I mean, in terms of the particular  5 statement you made in your question, I would point to 3:45PM  6 that, but I also -- and this is critically important,  7 at the end of the day we want to understand the basis  8 for Mr. Steinholt's inflation line, which is the  9 May 3rd price reaction.  10 Q Okay. So elaborate on that. 3:46PM  11 So why do you disagree based on  12 Mr. Steinholt's inflation?  13 A Well, so the damages, the inflation line  14 Mr. Steinholt works off of, his estimate of the  15 abnormal return to Anadarko on May 3rd that he 3:46PM  16 ascribes to the accounting write-off.  17 So at the end of the day, that's the basis  18 for the inflation line.  19 Q Okay. So -- but my question had nothing  20 to do with that because my question talked about the 3:46PM  21 stock price at the beginning of the class period.  22 So you're now talking about the end of the  23 class period?  24 A I disagree with that, because he is saying  25 that when an inflation line, which he goes to the 3:47PM  Page 95</p>	<p>1 inflation line looks like, as I said in my report, 3:48PM  2 you know, if Mr. Steinholt is saying that Shen 4  3 changed the commercial viability, that has to be  4 incorporated in the inflation line.  5 So I'm not agreeing to the quantum of the 3:48PM  6 inflation itself, but I think I agree with your hypo  7 as I understand it.  8 Q So -- okay. When you say that Shen 4  9 changed commercial liability that has to be  10 incorporated in the inflation line, what you're 3:49PM  11 saying there is that the inflation has to be  12 increased; right?  13 A Well, I'm referring to -- so this business  14 about Shen 4 is a reference to Mr. Steinholt, and  15 that's Paragraph 47 in my report. 3:49PM  16 So the effect of it would be it would  17 decrease the inflation at the beginning of the class  18 period. I think he has -- he increases the  19 inflation as you go back in time, he has it the  20 wrong way. 3:49PM  21 That is, if it's -- I'm not saying this is  22 true, but his claim is after Shen 4, it became even  23 more unviable or it was certainly unviable.  24 Under that theory, the inflation would  25 necessarily be lower pre-Shen 4 relative to -- 3:49PM  Page 97</p>

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<p>1 anyway, directionally he's wrong on the inflation 3:50PM  2 line.</p> <p>3 Q Well, I mean, if you're going to talk  4 relative -- we might end up with a word salad here.</p> <p>5 But if you're talking relative, isn't it 3:50PM  6 the same principle, however, that the inflation  7 would be a greater amount after Shen 4?</p> <p>8 I'm not talking about what it should be  9 pre-Shen 4, but in relative terms, after Shen 4,  10 that should be a greater amount? 3:50PM</p> <p>11 A I think we agree. That is, if I'm saying X  12 is less than Y, that means Y is bigger than X. But  13 remember, he's getting the bigger number from the  14 corrective disclosure that he's taking back.</p> <p>15 He's not haircutting that. But what he 3:50PM  16 says is this major change in the commercial  17 liability for the worst, doesn't really make any  18 sense to me.</p> <p>19 Q But if -- and let's leave aside the  20 directionality of it. Okay? But if what we're 3:51PM  21 saying -- what you're saying is that the inflation  22 should be greater after Shen 4, then leaving aside  23 directionality, your complaint is that  24 Mr. Steinholt's inflation or damages model is too  25 conservative? 3:51PM</p>	<p>1 A I'm not going to opine on materiality. I 3:52PM  2 can opine on -- value-relevant information materiality  3 has a legal connotation that I want to avoid.</p> <p>4 Q But you can agree setting that aside the  5 legal term "materiality," that event studies can 3:52PM  6 be -- are a generally accepted methodology for  7 determining value -- new value-relevant information;  8 is that how you would say it?</p> <p>9 A Yes.</p> <p>10 Q Now, your report at Paragraph 26 states 3:53PM  11 that market and industry indices selected are  12 intended to capture the impact on a stock price of  13 regular market-wide and industry-wide related  14 information; is that right?</p> <p>15 A Yes. 3:53PM</p> <p>16 Q And what do you mean by "regular"?</p> <p>17 A All I mean is during the estimation period,  18 you're using the entire estimation period to estimate  19 the coefficients on the market and the industry. So  20 those coefficients are estimated using the estimation 3:53PM  21 period are going to reflect that relationship between  22 the industry and the individual stock that's occurring  23 during that period, the period for which -- that  24 you're using for the estimation of the coefficients.</p> <p>25 Q So in your mind, is there a distinction 3:54PM</p>
<p>Page 98</p> <p>1 A No, I disagree with that. So first of all, 3:51PM  2 I'm not saying there's any inflation. I'm saying on  3 his own terms, he gets it wrong.</p> <p>4 Q I understand you're not -- you don't have  5 to concede there's damages. 3:51PM</p> <p>6 I'm just trying to understand, Number 1,  7 your critique and also to confirm, I think, that  8 what you're saying is that post Shen 4, it should be  9 greater than pre-Shen 4?</p> <p>10 A According to Mr. Steinholt's theory as 3:51PM  11 elaborated in Paragraph 47. And it's not conservative  12 because even on those terms, his own terms, the  13 inflation should be lower in the beginning of the  14 class period, he makes it higher.</p> <p>15 Q But the number -- I think I understand 3:52PM  16 your position.</p> <p>17 Okay. Event studies are a generally  18 accepted methodology for determining price impact in  19 securities fraud litigation; right?</p> <p>20 A Yes. 3:52PM</p> <p>21 Q And also a generally accepted methodology  22 for determining loss causation in securities fraud  23 litigation?</p> <p>24 A Yes, not by itself, but yes.</p> <p>25 Q And the same holds for materiality? 3:52PM</p>	<p>Page 100</p> <p>1 between regular and irregular market and industry 3:54PM  2 factors?</p> <p>3 A It's a reference to the fact that you're  4 estimating this relationship based on the estimation  5 period. 3:54PM</p> <p>6 So whatever is occurring in the estimation  7 period that's affecting the relationship between the  8 industry and the individual stock is what's going to  9 be reflected in your coefficient estimate.</p> <p>10 Q So is there a way -- according to the 3:54PM  11 academic research, is there a way to distinguish  12 between regular versus irregular market and industry  13 information?</p> <p>14 A Again, the reference to regular is a  15 reference to the fact that using estimation period and 3:54PM  16 observing over that time period, 252 days or whatever  17 your estimation period is, what the historical  18 relationship is.</p> <p>19 Q Now, in other parts of your report, you  20 don't use the word "regular," so, for example, 3:55PM  21 Footnote 53. Was that intentional?</p> <p>22 A What was intentional? What was the  23 question?</p> <p>24 Q Leaving out the word "regular."</p> <p>25 A Again, what I -- if we're talking about 3:55PM</p>

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1 regular, it's in exactly the way that I just described 3:55PM  
 2 it, so I'm having trouble understanding -- I mean, so  
 3 the academic literature obviously talks about the use  
 4 of estimation periods to estimate the coefficients in  
 5 your model. I guess I'm not seeing what the question 3:56PM  
 6 is.

7 Q Yes. I'm just trying to understand why  
 8 you use that term "regular" in one place but not in  
 9 another.

10 A Well, it's just a reference that you are 3:56PM  
 11 estimating the coefficients in the model, what's going  
 12 on during the estimation period in terms of the  
 13 relationship between the industry index and individual  
 14 stock.

15 MS. JENSEN: Okay. Can we take a quick 3:56PM  
 16 break?

17 THE WITNESS: Sure.

18 THE VIDEOGRAPHER: We're off the record.  
 19 It's 3:56 p.m.

20 (Recess taken.) 3:56PM

21 THE VIDEOGRAPHER: We're back on the  
 22 record. The time is 4:32 p.m.

23 BY MS. JENSEN:

24 Q Okay. Welcome back, Dr. Ferrell.

25 A Thank you. 4:32PM

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1 Q Okay. So maybe the use of the term just 4:34PM  
 2 threw me off.

3 So you're not saying, for example, that an  
 4 economist couldn't control for a one-time event like  
 5 9/11? 4:34PM

6 A Well, I would want to look at the event  
 7 study, but the coefficient estimates which are going  
 8 to form the basis for the predicated return is going  
 9 to reflect that historical relationship as estimated  
 10 in the time period that you select. 4:34PM

11 Q But at a high level of generality, you're  
 12 not opining, for example, that a one-time event  
 13 can't be controlled for such as a 9/11?

14 A I don't know what you mean by "controlled  
 15 for." You can certainly do an event study -- 4:34PM

16 Q Okay.

17 A -- which would then create a predicted  
 18 return based on those historical coefficients which  
 19 then would generate an abnormal return.

20 But again, the coefficients represent that 4:35PM  
 21 relationship that exists during your estimation  
 22 period, the period for which you're using to  
 23 calibrate your model.

24 Q Right. Okay. But you're not -- I'm sorry  
 25 to belabor this. I just want to make sure I 4:35PM

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1 Q So we talked a little bit about the use of 4:32PM  
 2 the term "regular" prior to the break. And I want  
 3 to understand whether the use of "regular" is  
 4 intended to denote regular events?

5 A You know, I'll just go back to what we were 4:32PM  
 6 discussing earlier. It's referring to the fact that  
 7 the coefficient estimates in a market model reflect  
 8 the historic -- the relationship between the industry  
 9 index and the individual stock during an estimation  
 10 period. 4:33PM

11 So whatever events, macroeconomic events,  
 12 what have you, et cetera, et cetera, are affecting  
 13 that relationship is what's going to be reflected in  
 14 your coefficient estimates when you estimate the  
 15 market model. 4:33PM

16 Q So let me take it one more step to try to  
 17 understand what it is that you are positing.

18 Are you talking about, for example,  
 19 regular events versus in a regular event -- so, for  
 20 example, 9/11, would that be an irregular event? 4:33PM

21 A The use of the regular is of reference to  
 22 you're estimating the relationship over an estimation  
 23 period and whatever events factors that effect that  
 24 historical relationship is what's going to be  
 25 estimated in the coefficient. 4:34PM

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1 understand exactly what it is that you're saying is 4:35PM  
 2 you are not, for example, saying that one could not  
 3 use an event study -- sorry for the double negative  
 4 but --

5 A Can you restart the question? 4:35PM

6 Q Sure, of course.

7 So it's not your opinion, for example,  
 8 that one could not use an event study for an event  
 9 like 9/11?

10 A I would want to look at the event study. 4:36PM  
 11 But you could do an event study for 9/11, yes, I  
 12 suppose so.

13 I said suppose so because I want to know  
 14 what context is. I'm simply saying that predicted  
 15 return in your hypothetical event study reflects the 4:36PM  
 16 historical relationship as estimated in the -- in  
 17 your estimation period.

18 Q Okay. So turning to Page 13 of your  
 19 report, there is what appears to be an unnumbered  
 20 footnote, unless it's just carrying over. That 4:37PM  
 21 might be the case. I don't think so, though.

22 A It starts with "Mr. Steinholt"?

23 Q Yes, a lot of them do. But yes, this one  
 24 is -- so under the text line, right, it does not  
 25 have a number next to it and it also does not appear 4:37PM

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1 to be in a continuation of a text footnote? 4:37PM	1 identified there, if I remember correctly. 4:40PM
2 A I see that.	2 He uses that as an industry control. And
3 Q You see what I'm saying? It's kind of an unnumbered footnote is what I'll call it. Okay?	3 he conducts analysis using that industry control.
5 And so there's a reference here to 4:37PM	4 Here he switched from May 3rd to a different
6 "Mr. Steinholt's methodology" and you say that his methodology "to determine Anadarko's abnormal return	5 industry control, his so-called Colorado Peer Group 4:41PM
7 on May 3rd, 2017 appears to be ad hoc and	6 Index. If --
8 results-driven"?	7 Q I'm sorry, go ahead. I didn't mean to
9	8 interrupt.
10 A Yes. 4:37PM	9 A So the text here in this particular
11 Q Is that the only reference in your report	10 unnumbered footnote is referring to the use of the 4:41PM
12 to his methodology being results-driven?	11 Colorado Peer Group Index.
13 A I don't remember. It might be. I just	12 Q All right. So it's based on the
14 don't recall whether that exact phrase is used	13 difference in the use of the index essentially --
15 elsewhere, but it is a reference to this swapping out 4:38PM	14 A Yes. Well, I mean, I would just reference
16 of industry control here.	15 the entirety of my discussion. 4:41PM
17 Q Okay. So I'll just tell you, I'm running	16 But I would say that if one thought that
18 a word search across your report and unless that is	17 there's some need for a third factor, factor in
19 somehow mistaken, the only result I get for	18 addition to the market index and the industry
20 results-driven in terms of an explanation for 4:38PM	19 control constructed from the Anadarko's 10-K, the
21 appears to be this unnumbered footnote.	20 control that I also use, you know, you would expect 4:42PM
22 So you're not aware of any other	21 him to add or one would expect one to add a third
23 appearance of that term or explanation for the use	22 factor to that model, not to ditch the industry
24 of that term?	23 control, an industry control based on Anadarko's
25 A I believe your search. 4:38PM	24 10-K for some -- for this alternative index based on
	25 a one-time event in April. 4:42PM
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1 Q Okay. And so the basis for this claim of 4:38PM	1 Or hopefully a one-time event, but a 4:42PM
2 results-driven is that he uses a different event	2 particular back in April.
3 study when studying market efficiency versus price	3 Q Anything else?
4 impact versus inflation; is that what it is?	4 A Well, I mean, I don't want to be boxed in, I
5 A Let me just make sure I'm catching on. One 4:39PM	5 would reference my discussion of -- my further 4:42PM
6 second here.	6 discussion of the use of the Colorado Peer Index --
7 Actually, I think the results-driven, I	7 I'm going through the rest of my Paragraph 27.
8 have to take back what I said, it's both in the	8 Yes, I mean, I would reference my full
9 footnote and text of Paragraph 25. So I think	9 discussion in the text as well.
10 "results-driven" is there as well. 4:39PM	10 Q Full discussion in the text in which 4:43PM
11 Q It says, "However, as I explain below,"	11 paragraphs?
12 and then you say, "results-driven," but I don't see	12 A Well, I say, "However, as I explain below,
13 any other explanation for why --	13 Mr. Steinholt's event study analysis is fundamentally
14 A Well, I have a couple of paragraphs here	14 flawed and results-driven," Paragraph 26,
15 where I discuss his event study and the issues that I 4:40PM	15 Paragraph 27, Paragraph 28, Paragraph 29 and then 4:43PM
16 have with that.	16 obviously in Paragraph 30, I kind of go off on another
17 Q Okay. So let's make sure we understand	17 discussion focusing on Conoco.
18 what the basis is for the results-driven claim.	18 Q So the relevant portion of your report is
19 So is it that there's different event	19 Paragraphs 26 through 29?
20 studies for different functions in the case? 4:40PM	20 A Well, I mean, for that immediate discussion, 4:44PM
21 A No, I don't think that really captures the	21 I would also note that I incorporate by reference my
22 full analysis here.	22 earlier reports, including my Daubert reports where I
23 So, you know, he had an industry control.	23 also discuss these issues.
24 My memory is that industry control was based on the	24 Q And by "these issues," what are "these
25 10-K of Anadarko. I think 11 companies were 4:40PM	25 issues"? 4:44PM
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<p>1 A His use of the Colorado Peer Group. 4:44PM</p> <p>2 Q So the Colorado Peer Group, now, those 3 companies came from your report; right?</p> <p>4 A I think these companies are from analyst 5 commentary in relation to April. I think that's 4:44PM</p> <p>6 right.</p> <p>7 Q Wells Fargo?</p> <p>8 A I believe that's right. But there is a 9 discussion of other -- Noble and other companies, 10 Noble, SRC, PDC, and then XLN, I believe. 4:44PM</p> <p>11 Q He didn't make up this index; right?</p> <p>12 These were the same companies that appeared in your 13 earlier report; right?</p> <p>14 A Yes, and in the analyst commentary in -- in 15 the context of the incident in Colorado. 4:45PM</p> <p>16 Q Now, do experts only run one event study 17 or do they sometimes run more than one event study 18 in a case?</p> <p>19 A I ran multiple event studies in this case.</p> <p>20 Q How many did you run? 4:45PM</p> <p>21 A A number. I did not tally it up. In my 22 market efficiency, I have event study results. In my 23 market efficiency analysis, I've run event studies and 24 each one has misrepresentation dates. I believe 25 there's 21. 4:45PM</p>	<p>1 results. 4:47PM</p> <p>2 Q What was Anadarko's residual return on 3 May 3rd, 2017?</p> <p>4 A Well, this is my table. I do know the 5 number, but it's in a decimal point. 4:47PM</p> <p>6 In Table 2, Page 28, the abnormal or the 7 residual return for Anadarko is negative 8.3. And 8 this is from May 3rd. This is for May 3rd, 2017.</p> <p>9 Q How many events studies did Compass 10 Lexecon run to analyze May 3rd, 2017 residual 4:48PM</p> <p>11 return?</p> <p>12 A To my knowledge, none beyond what I did.</p> <p>13 Q Turning to Mr. Steinholt's event studies, 14 all of the event studies that he ran in his three 15 reports indicate that the May 3rd residual return 4:48PM</p> <p>16 for Anadarko was statistically significant at the 17 1 percent level; right?</p> <p>18 A I remember 5 percent. It might be 19 1 percent, but I use 5 percent as the cutoff. I 20 believe that's -- 4:48PM</p> <p>21 Q Okay.</p> <p>22 A Again, to be clear, we're talking about 23 May 3rd.</p> <p>24 Q Right. But --</p> <p>25 A You know, the pricing impact of the 4:49PM</p>
<p style="text-align: right;">Page 110</p> <p>1 There is no rule that you can only run 4:45PM</p> <p>2 one.</p> <p>3 Q How many events studies did you use to 4 analyze the May 2013 residual return for Anadarko?</p> <p>5 A I used the industry and the market. I also 4:46PM</p> <p>6 in my Daubert report, if I can call it such, looked at 7 his use of the results from the Colorado Peer Group 8 including the preexisting industry control that we 9 looked at.</p> <p>10 So I did run those event study results for 4:46PM</p> <p>11 that day.</p> <p>12 Q What was the control period?</p> <p>13 A Now you're testing my memory. I would go 14 to -- I believe it's 252 days, but I have to go to my 15 appendix. 4:46PM</p> <p>16 Appendix 3 for my Table 1 results, I have 17 the control period, so Paragraph 3 of Appendix 3 is 18 252 trading day, I'm following Steinholt's rolling 19 estimation period. I also run it including and 20 excluding Conoco for the reasons that I give in that 4:47PM</p> <p>21 group.</p> <p>22 And as I mentioned before, in my Daubert I 23 also ran it with Colorado Peer Group in conjunction 24 with -- in conjunction with the preexisting control.</p> <p>25 Again, this discussion is for the Table 1 4:47PM</p>	<p style="text-align: right;">Page 112</p> <p>1 disclosure was after-hours, so it would be the next 4:49PM</p> <p>2 trading day.</p> <p>3 Q Right. And the event study that 4 Mr. Steinholt used to actually quantify the 5 inflation results in the lowest amount of inflation; 4:49PM</p> <p>6 correct?</p> <p>7 MS. ROSENBERG: Objection to form.</p> <p>8 THE WITNESS: Lowest amount of inflation 9 according to what?</p> <p>10 BY MS. JENSEN: 4:49PM</p> <p>11 Q Of all of his reports.</p> <p>12 MS. ROSENBERG: Objection, form.</p> <p>13 THE WITNESS: I don't think any of his 14 reports establish any inflation. So I wouldn't view 15 it as the lowest of the inflation numbers. I would 4:49PM</p> <p>16 view it as a flawed finding of inflation.</p> <p>17 BY MS. JENSEN:</p> <p>18 Q And flawed again for the same reasons that 19 you indicated earlier?</p> <p>20 A Same reasons as identified in my reports. 4:50PM</p> <p>21 Q So do you contend that Steinholt's event 22 study methodology was ad hoc and results oriented?</p> <p>23 A I would go back to the exact language I 24 used. I think that his swapping -- ditching of the 25 industry control for this set of three or four -- 4:50PM</p>

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<p>1 sometimes he uses three, sometimes I think he uses 4:50PM  2 four -- of the Colorado peers is ad hoc.</p> <p>3 Q Okay. Again, even though those are the 4 same companies that you cite in your report; right?</p> <p>5 A Well, I cited it for purposes of discussing 4:50PM  6 the Firestone incident, yes.</p> <p>7 Q Do you contend that Steinholt's market 8 efficiency event methodology was ad hoc and flawed?</p> <p>9 A We have to go back to his market efficiency.</p> <p>10 My memory is that he used the -- I would have to go 4:51PM  11 back, but my memory is he used the industry control  12 constructed from the 10-K of Anadarko. I did not  13 criticize him for that.</p> <p>14 Q Okay.</p> <p>15 A I don't dispute that market efficiency 4:51PM  16 finding, as we discussed earlier today.</p> <p>17 Q Right. Again, as we've established, 18 Steinholt's Colorado Peer Group were the same  19 companies identified by you in your prior report;  20 right? 4:51PM</p> <p>21 MS. ROSENBERG: Objection to form.</p> <p>22 THE WITNESS: I think I've answered this.  23 So I do have a discussion concerning the Firestone  24 incident and I believe there is an analyst report  25 that I discuss that has these particular companies, 4:52PM</p>	<p>1 THE WITNESS: So, again, I used 5 percent 4:53PM  2 as the cutoff. We can look at the T-statistic. My  3 memory --  4 (Discussion off the record.)  5 BY MS. ROSENBERG: 4:53PM  6 Q Let's set aside the 1 percent.  7 The Steinholt event studies, the two that  8 we just talked about, resulted in a statistically  9 significant price decline on May 3rd, 2017; right?  10 A That's my memory. 4:54PM  11 Q Okay. And so did the event study that he  12 used to analyze market efficiency; correct?  13 A Yes.  14 Q So what result do you suggest Steinholt  15 was attempting to obtain by only using the companies 4:54PM  16 you identified as Colorado operators?  17 A Well, I explain this in my Daubert report,  18 we can turn to that. But he has a test, a test that  19 he constructs to prove that his Colorado peer accounts  20 for the Colorado issues. 4:54PM  21 And, you know, we can go to my Daubert  22 report, but you know, if you were just to add the  23 Colorado peers rather than in substitution of that  24 preexisting industry control, as I explained in that  25 report, it would not pass his so-called test, his 4:55PM</p>
<p>Page 114</p> <p>1 the four I believe. 4:52PM  2 BY MS. JENSEN:  3 Q One of the companies that you identified  4 in your report, Extraction Gas &amp; Oil, are you aware  5 that it did not trade for the full year prior to 4:52PM  6 April 27th, 2017?  7 A Yes, I remember that.  8 Q Okay. So Steinholt performed two  9 analyses, the first was with the only three  10 companies that traded the entire year prior to 4:52PM  11 April 27, 2017, the second with all four companies  12 for a shorter period of time; right?  13 A We can look at his report. That's  14 consistent with my general memory. I didn't memorize  15 every aspect of his report, but that's consistent with 4:52PM  16 my overall memory.  17 Again, those groupings being the new  18 industry control in lieu of the old industry  19 control.  20 Q And both of the event studies that 4:53PM  21 Steinholt ran with the Colorado companies that were  22 identified in your report resulted in a  23 statistically significant decline at the 1 percent  24 level on May 3rd, 2017; right?  25 MS. ROSENBERG: Objection -- 4:53PM</p>	<p>Page 116</p> <p>1 test for whether the Colorado peers, in fact, 4:55PM  2 controls for Anadarko the Colorado effects.  3 Q So would the price impact opinion have  4 been any different if he used any other inputs?  5 A Well, I'm not here to speak for him. 4:55PM  6 As I understand his argument is he's  7 claiming, erroneously, but he's claiming that for  8 May 3rd -- I think my understanding of what he's  9 saying is he does agree there's confounding  10 information on May 3rd, the Firestone investigation 4:55PM  11 information.  12 And that he purports to control for that,  13 what he admits is confounding information on  14 May 3rd, he purports to control for that via the  15 Colorado Peer Group. 4:56PM  16 He makes the further argument, as I  17 remember, that he proves that this is an adequate  18 control for the Colorado effects on Anadarko by  19 virtue of the fact that when he runs it for  20 April 27th, I believe, there is no statistically 4:56PM  21 significant residual for Anadarko.  22 But that's only because he swapped out the  23 industry control rather than adding what he already  24 deemed to be an appropriate industry control in the  25 first instance. 4:56PM</p>

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1 So I think part of -- I'm not trying to 4:56PM	1 capture the average -- the industry effect, the 5:00PM
2 capture everything here, but part of what's going on 4:56PM	2 impact on the industry and, hence, on the individual
3 is you need to substitute out what was a perfectly 4:56PM	3 company through the estimated coefficient.
4 good industry control for this new control in the 4:56PM	4 Q But it could control for industry-wide
5 way that he did in order for it to pass this test 4:56PM	5 information; right? 5:00PM
6 that he constructs.	6 A It can, but -- and this is critically
7 Q So you're not contending, however, that 4:57PM	7 important -- if there is a disproportionate effect on
8 any construction of his event study for purposes of 4:57PM	8 the individual company, then the industry control is
9 May 3rd would result in a not statistically 4:57PM	9 not going to fully capture that because by definition,
10 significant residual return for Anadarko? 4:57PM	10 there would be an effect above and beyond what would 5:00PM
11 A That's not what I'm saying.	11 otherwise be -- above and beyond what is otherwise
12 Q In Paragraph 26 you talk about --	12 captured by the industry effect.
13 A Give me one second while I get there.	13 Q So you discussed the Firestone explosion
14 Q Sure.	14 in your report and that occurred on April 17th,
15 A Yes. 4:58PM	15 2017; correct? 5:01PM
16 Q So you talk about oil prices and so my 4:58PM	16 A Correct, and I think I earlier said
17 question to you is: Is it your opinion that an 4:58PM	17 April 27th, I misspoke, it's April 17th.
18 industry index can only be used to control for oil 4:58PM	18 Q And it was publicly-available information
19 prices? 4:58PM	19 that there was a well owned or operated by Anadarko
20 A No, that's not what I'm saying. 4:58PM	20 200 feet from the house; right? 5:01PM
21 Q Okay. So other factors that relate to the 4:58PM	21 A I think it's 200 feet. But yes, there is a
22 industry may also impact the price across an index; 4:58PM	22 nearby well, yes.
23 right, an index of oil companies?	23 Q And the company issued a statement on
24 A Yes.	24 April 26th, 2017 about the Firestone explosion;
25 Q And an oil company index can control for 4:58PM	25 right? 5:02PM
Page 118	Page 120
1 any industry -- I'm sorry, industry-wide new 4:58PM	1 A Yes, there is a company disclosure 5:02PM
2 information; right?	2 concerning that.
3 MS. ROSENBERG: Objection to form.	3 Q Okay. And so the linkage of the explosion
4 THE WITNESS: What the industry index 4:59PM	4 to Anadarko was first reported on April 26th when
5 controls for is going to be a function of how the 4:59PM	5 Anadarko made that announcement; right? 5:02PM
6 industry index is constructed and we can talk about 4:59PM	6 A I don't agree with that. I don't think the
7 how to do that.	7 cause for the explosion is known until May 3rd.
8 But certainly industry effects is not 4:59PM	8 Q So the cause is suspected to be this well
9 confined to one variable, although obviously oil is 4:59PM	9 at least as of April 26th, 2017; correct?
10 a particularly important variable for an oil company 4:59PM	10 A I mean, it's known that the well is nearby. 5:02PM
11 but it's certainly not confined to that.	11 It's obviously known that there is an explosion, but
12 BY MS. JENSEN:	12 the cause of the explosion and the results of the
13 Q It's not unique to oil companies; right?	13 investigation are not reported until May 3rd.
14 I mean, any company operating in a particular 4:59PM	14 Q But my question was a little different.
15 industry, an industry index would control for 4:59PM	15 Analysts were saying as of April 26th or 5:02PM
16 industry-wide events?	16 whereabouts that the Anadarko well 200 feet away
17 A Properly constructed and properly estimated.	17 from the home that exploded was suspected to be
18 Q So --	18 linked to the explosion; correct?
19 A Just to be clear, it would capture the 5:00PM	19 A I think there is discussion of a nearby
20 average effects on the company in question. So the 5:00PM	20 well, but it was not known at that point that it was 5:03PM
21 average effect as represented by the coefficient of	21 in fact the cause.
22 industry movements on a particular company.	22 Q So you're agreeing with me, however, that
23 So if a company had a disproportionate	23 the market suspected it to be linked to the
24 effect from an event, the industry control by	24 explosion as of April 26th, 2017?
25 construction wouldn't capture that, it would only 5:00PM	25 A My understanding of the facts are it was 5:03PM
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1 known to the market that the well was nearby. It was 5:03PM  
 2 also known to the market that Anadarko was the largest  
 3 operator in Colorado. It was not known by the market  
 4 that the cause of the explosion was the well.

5 Q But it was suspected to be the cause? 5:03PM

6 A I don't remember the word "suspected" in  
 7 April 27th, but it was known that the well was nearby.  
 8 It was not known that the cause of the well explosion  
 9 until the investigation and the information concerning  
 10 the investigation from May 3rd. 5:03PM

11 Q So if -- hold on one second.

12 MS. JENSEN: I've marked as an exhibit a  
 13 document that bears the Bates stamp

14 LA-APCSUB-013613. This is marked as Exhibit 521.

15 (Whereupon, Exhibit 521 was marked for 5:05PM  
 16 identification.)

17 BY MS. JENSEN:

18 Q Have you seen this document before?

19 A I don't recall this offhand.

20 Q You do recall that Anadarko issued a press 5:05PM  
 21 release on April 26th?

22 A I do.

23 Q And Anadarko confirmed in that statement  
 24 that its well was 200 feet from the home that  
 25 exploded? 5:06PM

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1 Q But prior to May 3rd, you don't dispute 5:07PM

2 that the well was suspected to be the cause?

3 A I'm just going to restate what I said, which  
 4 is the market was aware that the well was nearby, that  
 5 there was an explosion, so obviously the well could 5:07PM  
 6 have been a potential cause, and the market learned  
 7 that the cause was, in fact, the well on May 3rd.

8 Q Okay. I mean, I understand you're  
 9 skirting my question, that's okay. So let's look at  
 10 the exhibit. And on Page 2 of this document. 5:07PM

11 A Yes.

12 Q If you look at -- sorry, I just lost the  
 13 place.

14 E&P, so this is on the second page of this  
 15 document. 5:08PM

16 A Yes.

17 Q And it discusses APC, its press release.

18 A Yes.

19 Q Right?

20 And it says here that the "Tragic 5:08PM

21 Wattenberg incident likely puts the oil and gas  
 22 industry back in Colorado political crosshairs."  
 23 And that APC had issued a statement yesterday  
 24 regarding the Firestone home explosion that resulted  
 25 in the deaths of two men. 5:08PM

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1 A Yes, I agree that the market knew that there 5:06PM  
 2 is a nearby well.

3 Q And Anadarko also said that it was working  
 4 cooperatively with regulatory agencies in their  
 5 investigations? 5:06PM

6 A Yes.

7 Q It also said that it was shutting in  
 8 3,000 producing vertical wells in Colorado?

9 A Yes.

10 Q And at that time the market -- market 5:06PM  
 11 participants commented that the well was expected to  
 12 be linked to the explosion; right?

13 A I don't remember the -- that might well be  
 14 the case, but that's consistent with my memory, which  
 15 is the market in the total mix of information was 5:06PM  
 16 aware of that fact.

17 So obviously that was one potential cause  
 18 for the explosion.

19 Q It was the anticipated cause at that  
 20 point? 5:07PM

21 A I think that's an aggressive statement.  
 22 It's the market knew the well was nearby and that  
 23 certainly was obviously a potential cause, but the  
 24 actual cause for the explosion, as I understand the  
 25 total mix, was May 3rd. 5:07PM

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1 And it states that it operated "an older 5:08PM  
 2 vertical well only 200 feet away from the home which  
 3 is suspected to be linked to the explosion"; right?

4 A You read that correctly.

5 Q Okay. Now, when the fire department made 5:08PM  
 6 its statements, the analysts stated that the  
 7 information just confirmed the linkage, not that the  
 8 linkage was new information; right?

9 MS. ROSENBERG: Objection to form.

10 THE WITNESS: It is new information, but 5:09PM  
 11 the cause in fact was the well. And that is new  
 12 information that is released on May 3rd.

13 BY MS. JENSEN:

14 Q Are you disputing that analysts said that  
 15 the investigators had confirmed the cause? 5:09PM

16 A I don't remember the exact way it was  
 17 phrased, but again, it was well known that there was a  
 18 nearby well. Obviously that's a potential reason for  
 19 the explosion.

20 The actual in fact reason as a result of 5:09PM  
 21 the investigation was learned May 3rd.

22 Q So let's break that down a little bit.  
 23 UBS, this is an analyst that I believe  
 24 you've cited in your reports; correct?

25 A You have to show me the analyst report. 5:10PM  
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1 Q Okay. You're familiar with UBS? 5:10PM	1 Q And in that report you talked about the 5:13PM
2 A Yes.	2 3,000 wells shut in, but you didn't disclose that it
3 Q It's a large reputable analyst?	3 was actually announced on April 26th, 2017. Why?
4 A Yes.	4 A If you want to discuss a particular part of
5 MS. JENSEN: I've marked as Exhibit 522 a 5:11PM	5 my report originally, I would be happy to take a look. 5:13PM
6 May 3rd, 2017 UBS analyst report.	6 Q You don't deny that's -- that you
7 (Whereupon, Exhibit 522 was marked for	7 discussed the 3,000 shut-in wells but you did not
8 identification.)	8 disclose the date on it?
9 THE WITNESS: Yes.	9 A I don't remember that particular -- I
10 MS. JENSEN: I should state for the record 5:11PM	10 remember discussing the 3,000 wells. If you want to 5:14PM
11 that this is a document that bears Bates stamp	11 discuss a particular aspect of my earlier report and
12 UBS0001735.	12 why I framed it the way I did, I will be happy to take
13 Q Dr. Ferrell, you've seen this before;	13 a look.
14 right?	14 Q That's what I'm asking. Why didn't you
15 A I believe so, yes. 5:11PM	15 disclose that it was actually April 26th, 2017? 5:14PM
16 Q And the headline here, "Large Exploration	16 A You're making -- you want to discuss a
17 Expense Drives 1Q17 EPS/CFPS Miss but EBITDX Beats;	17 particular part of my earlier report, I would like to
18 Maintains 2017 Guidance."	18 see that part of the report that we're discussing.
19 Do you see that?	19 Q So you don't have an answer to it without
20 A I do. 5:12PM	20 seeing that you didn't say the date? 5:14PM
21 Q And the third paragraph or third heading	21 MS. ROSENBERG: Objection, argumentative.
22 in this document says, first sentence,	22 THE WITNESS: If you want to discuss a
23 "Investigators confirmed" -- do you see the use of	23 different report and the framing that I did there, I
24 the word "confirmed"?	24 want to take a look at what we're talking about.
25 A I do. 5:12PM	25 And I'll be happy to discuss it. 5:14PM
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1 Q -- "the recent home explosion in 5:12PM	1 BY MS. JENSEN: 5:14PM
2 Firestone, CO was caused by an abandoned, severed	2 Q I mean, let's just assume that I'm right,
3 1-inch gas line that was still connected to APC's	3 okay, for purposes of this discussion.
4 nearby well."	4 You didn't disclose that the 3,000 shut-in
5 So the market analysts referred to the 5:12PM	5 wells were actually announced on April 26th, 2017. 5:14PM
6 investigation as confirmation of the cause; right?	6 Why?
7 A This particular analyst used the word	7 MS. ROSENBERG: Objection --
8 "confirmed," but again, it doesn't change my opinion.	8 THE WITNESS: Again, if you want to
9 It was known to the market that the well was nearby.	9 discuss a previous report of mine and the discussion
10 Obviously it's a potential reason for the 5:12PM	10 there, I'll be happy to take a look. 5:15PM
11 explosion.	11 You're making representations about my
12 And in fact, the actual cause was released	12 prior report, I would like to take a look at what
13 on May 3rd.	13 we're discussing.
14 Q Now, on April 26th, there was a	14 BY MS. JENSEN:
15 statistically significant price decline following 5:13PM	15 Q Sitting here right now, you don't know one 5:15PM
16 Anadarko's press release about Firestone; right?	16 way or the other whether that's true?
17 A That might be true. I don't have a specific	17 MS. ROSENBERG: Objection to form.
18 recollection of that.	18 BY MS. JENSEN:
19 Q Did you know about the April 26th price	19 Q Is that what you're saying?
20 decline when you wrote your first rebuttal report	20 A All the documents I relied upon in my 5:15PM
21 for class certification?	21 reports are contained in the documents relied upon.
22 A I don't have a recollection either way.	22 You know, there are effects of the Colorado incident
23 You know, the regression results have all	23 on the companies operating there.
24 the regression outputs. But I don't have a specific	24 But if you want to look at particular
25 recollection of that. 5:13PM	25 language in my earlier report, I would like to take 5:15PM
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1 Q -- "the recent home explosion in 5:12PM	1 BY MS. JENSEN: 5:14PM
2 Firestone, CO was caused by an abandoned, severed	2 Q I mean, let's just assume that I'm right,
3 1-inch gas line that was still connected to APC's	3 okay, for purposes of this discussion.
4 nearby well."	4 You didn't disclose that the 3,000 shut-in
5 So the market analysts referred to the 5:12PM	5 wells were actually announced on April 26th, 2017. 5:14PM
6 investigation as confirmation of the cause; right?	6 Why?
7 A This particular analyst used the word	7 MS. ROSENBERG: Objection --
8 "confirmed," but again, it doesn't change my opinion.	8 THE WITNESS: Again, if you want to
9 It was known to the market that the well was nearby.	9 discuss a previous report of mine and the discussion
10 Obviously it's a potential reason for the 5:12PM	10 there, I'll be happy to take a look. 5:15PM
11 explosion.	11 You're making representations about my
12 And in fact, the actual cause was released	12 prior report, I would like to take a look at what
13 on May 3rd.	13 we're discussing.
14 Q Now, on April 26th, there was a	14 BY MS. JENSEN:
15 statistically significant price decline following 5:13PM	15 Q Sitting here right now, you don't know one 5:15PM
16 Anadarko's press release about Firestone; right?	16 way or the other whether that's true?
17 A That might be true. I don't have a specific	17 MS. ROSENBERG: Objection to form.
18 recollection of that.	18 BY MS. JENSEN:
19 Q Did you know about the April 26th price	19 Q Is that what you're saying?
20 decline when you wrote your first rebuttal report	20 A All the documents I relied upon in my 5:15PM
21 for class certification?	21 reports are contained in the documents relied upon.
22 A I don't have a recollection either way.	22 You know, there are effects of the Colorado incident
23 You know, the regression results have all	23 on the companies operating there.
24 the regression outputs. But I don't have a specific	24 But if you want to look at particular
25 recollection of that. 5:13PM	25 language in my earlier report, I would like to take 5:15PM
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1 a look to see what you have in mind and what we're	5:15PM	1 A Well, it's a general discussion of, you	5:27PM
2 discussing.		2 know, this -- the confounding -- the fact that there's	
3 Q Well, all I'm saying is language that's		3 confounding information on the -- relating to the	
4 not there, Dr. Ferrell.		4 May 3rd price reaction.	
5 Look, it doesn't -- it's language you	5:15PM	5 Q That you claim to be confounding; right?	5:28PM
6 didn't put in your report and I'm just asking if you		6 So at the top of Page 7, it says, "Related	
7 knew that the 3,000 well shut-in occurred on		7 to this incident, Anadarko shut down 3,000 of its	
8 April 26th when you wrote your first report?		8 older, vertical oil and gas wells in northeastern	
9 A No.		9 Colorado as a precaution."	
10 MS. ROSENBERG: Rachel, Dr. Ferrell has	5:16PM	10 And the footnote is to a May 2nd, 2017	5:28PM
11 repeatedly asked you to please show him the portion		11 article; correct?	
12 of his report that you would like to ask questions		12 A Footnote 24, I believe that's correct. Yes.	
13 about.		13 Q Okay. And -- but in fact, it was much	
14 If you're going to refuse to do that and		14 earlier than that. It was on April 26th, 2017;	
15 continue to badger him about it, he's not going to	5:16PM	15 correct?	5:28PM
16 be able to answer your question.		16 A Correct. I'm not -- I never claimed and I'm	
17 MS. JENSEN: Let's just step away from the		17 not claiming that that is the confounding information	
18 report, okay. Let's just forget about the report.		18 that is referencing earlier actions that happened in	
19 Q Did you know when you wrote your class		19 the aftermath of Firestone.	
20 certification report that the wells shut-in occurred	5:16PM	20 Q Right. But it's citing to a May 2nd, 2017	5:29PM
21 actually on April 26th, 2017?		21 article?	
22 A I don't remember offhand the specific date.		22 A Sure, it's a May 2nd article that's	
23 I cite all the documents that I used, which obviously		23 discussing these effects of the earlier explosion.	
24 are dated. Again, I want to look at my report if		24 Q Right. Which were known since April 26th,	
25 you're going to ask me questions about it.	5:16PM	25 2017?	5:29PM
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1 MS. JENSEN: Okay. Let's take a quick	5:16PM	1 A Well, what's confounding, as I explained and	5:29PM
2 break so we can do that.		2 as we've been discussing, is the fact that Anadarko	
3 THE VIDEOGRAPHER: We're off the record.		3 well was the cause of the explosion.	
4 It's 5:16 p.m.		4 Q But that's what you're claiming to be	
5 (Recess taken.)	5:17PM	5 confounding?	5:29PM
6 THE VIDEOGRAPHER: We're back on the		6 A Yes, that the information about the cause as	
7 record. It's 5:26 p.m.		7 documented in my report and we've been discussing	
8 BY MS. JENSEN:		8 today is the results of the investigation as to who	
9 Q All right. Dr. Ferrell, I've marked as		9 was responsible for the explosion.	
10 Exhibit 523 your expert report from December 10th,	5:27PM	10 Q Now, the investigation was -- that was not	5:29PM
11 2021. You should be able to see it.		11 the results of the investigation, the investigation	
12 (Whereupon, Exhibit 523 was marked for		12 was ongoing at that time; correct?	
13 identification.)		13 A Right. There was announcements concerning	
14 THE WITNESS: I do.		14 the investigation on May 2nd that I have reflected in	
15 BY MS. JENSEN:	5:27PM	15 the tweets that I include.	5:30PM
16 Q Okay. And is this one of the reports you		16 Q And in your January 25th, 2023 report in	
17 incorporated into your current report?		17 Paragraph 13, you reference Anadarko's statement on	
18 A Yes.		18 May 2nd at 5:18 p.m. and it refers to cooperation	
19 Q So if you turn to Page 7.		19 with ongoing -- the ongoing investigations; right?	
20 A Yes.	5:27PM	20 A I believe that's accurate. You're in	5:30PM
21 Q It's a continuation of Paragraph 14. And		21 Paragraph 13?	
22 so I might as well start at the beginning.		22 Q Yes, on Page 6. Coincidentally also	
23 So Paragraph 14 is talking about a		23 Page 6.	
24 chronology of events on May 2nd after the filing of		24 A Yes.	
25 the 10-Q; correct?	5:27PM	25 Q Now, you can set this aside.	5:30PM
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1 Okay. Let's turn now to Paragraph 13 on	5:31PM	1 Anadarko Petroleum well near the house that had been	5:33PM
2 Page 6 of your January 2023 report. And that		2 cut when a tank battery was moved before the Oak	
3 same --		3 Meadows subdivision was built."	
4 A Sorry, what page again?		4 Q Right. So none of those said that	
5 Q Page 6.	5:31PM	5 Anadarko is responsible; right?	5:33PM
6 A Okay.		6 A I can repeat the language. The language --	
7 Q So that same statement that Anadarko		7 Q That's okay. You just read the language,	
8 issued on 5:18 p.m.?		8 so it's fresh in your mind --	
9 A Yes.		9 A I'm going to finish answering the question.	
10 Q It should be at 5:18 p.m. on May 2nd,	5:31PM	10 The text I just read are talking about the	5:34PM
11 2017, it also referred to the Colorado Oil and Gas		11 cause of the explosion, the cause being this	
12 Conservation Commission on additional steps.		12 pipeline that's been cut and as we discussed	
13 An around that same time, the governor		13 earlier, it was well known that Anadarko's well was	
14 made an announcement; correct?		14 about 200 feet away.	
15 A Yes, there's this statement concerning its	5:31PM	15 Q So I'm going to repeat my question.	5:34PM
16 cooperation with the Colorado Oil and Gas Conservation		16 So none of the words that you just read	
17 Commission.		17 said that Anadarko was responsible; right?	
18 Q Around this same time in the evening of		18 MS. ROSENBERG: Objection to form, asked	
19 May 2nd, 2017, the governor made a statement as		19 and answered.	
20 well?	5:32PM	20 THE WITNESS: I'm going to reread what it	5:34PM
21 A That I don't have a specific recollection		21 actually says.	
22 whether that was earlier or May 2nd. What I do recall		22 "Firestone home explosion caused by gas	
23 is the fire investigation's finding that Anadarko was		23 leaking into that home from an abandoned flow line."	
24 responsible and then obviously Anadarko released a		24 "Cause" --	
25 press release.	5:32PM	25	
	Page 134		Page 136
1 Q They never actually said that Anadarko was	5:32PM	1 BY MS. JENSEN:	5:34PM
2 responsible, did they?		2 Q Let me stop you there.	
3 A The -- well, the language is reflected in my		3 (Unreportable crosstalk.)	
4 report in Footnotes 22 and 23.		4 MS. JENSEN: Wait, hold on a second.	
5 Q Right. But they never say that Anadarko	5:32PM	5 THE REPORTER: Dr. Ferrell, I cannot --	5:34PM
6 is responsible, do they?		6 MS. JENSEN: Dr. Ferrell, please stop.	
7 A I'm happy to read the language. I would		7 THE REPORTER: Dr. Ferrell, excuse me,	
8 rather be specific here.		8 this is the reporter --	
9 So Footnote 22, "Officials are providing		9 MS. JENSEN: I was trying to tell you the	
10 an update on last month's home explosion in	5:32PM	10 court reporter was asking you to stop. Okay.	5:35PM
11 Firestone. The event is under investigation by the		11 Dr. Ferrell, if we need to take a break so	
12 authorities and no conclusion has been reached as to		12 we can reset.	
13 its cause." This is April 27.		13 THE REPORTER: I need to take a break.	
14 I'll skip over the April 27 stuff.		14 THE VIDEOGRAPHER: We're off the record.	
15 So April 27th is "The cause of the	5:33PM	15 It's 5:35 p.m.	5:35PM
16 explosion is still unknown."		16 (Recess taken.)	
17 And then going on to Footnote 23,		17 THE VIDEOGRAPHER: We're back on the	
18 "Officials: Firestone home explosion caused by gas		18 record. It's 5:45 p.m.	
19 leaking into home from abandoned flow line."		19 BY MS. JENSEN:	
20 "Cause of deadly Firestone home explosion	5:33PM	20 Q Okay. Welcome back, Dr. Ferrell.	5:45PM
21 was a cut line to an oil and gas well."		21 So we had a little Zoom issue. We're	
22 Q Right.		22 going to go ahead and move forward.	
23 A And then there's the Denver Post which		23 A Yes.	
24 states, at 4:51, "Fire investigators found a 1-inch		24 Q Okay. So let me see if I can pick up	
25 diameter black plastic pipeline running from an	5:33PM	25 where we left off and there may be a slightly	5:46PM
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1 different way to ask my question in a way that we 5:46PM	1 That was a true statement; correct? 5:49PM
2 can sort of move forward in a more streamlined way	2 A I think it could have been more artfully
3 as well, which is to say that the -- I had asked if	3 written. I think the statement is a reference to the
4 any of these statements here in your footnotes have	4 later Denver Post article that references that. But I
5 the words that Anadarko is responsible. 5:46PM	5 do believe that it's an earlier action, earlier than 5:49PM
6 And can you just please confirm that the	6 May 2nd actions by the governor.
7 answer is no?	7 As to whether it was April 17th or 27th, I
8 A No.	8 don't remember. I think it was shortly after the
9 Q Thank you.	9 initial incident is my best recollection.
10 A That exact set of words does not appear in 5:46PM	10 Q And you don't -- you don't cite any source 5:49PM
11 Footnotes 23 or 24.	11 for that report or that order that you say occurs
12 Q Okay. We talked just very shortly ago	12 after the firefighters release their report. You
13 about a statement from the Colorado governor. And I	13 don't cite any source for that prior to 4:51 p.m. on
14 see it here in your report on Page 6. It's about	14 May 2nd, 2017; correct?
15 the middle of the paragraph of Paragraph 13 which 5:46PM	15 A Footnote 25 is 4:51 p.m., that's correct. 5:49PM
16 goes over onto Page 6.	16 Q My question is a little broader than that.
17 And there is a reference to the Colorado	17 You don't say anywhere any report of that
18 governor's order relating to oil and gas companies	18 order prior to 4:51 on May 2nd, 2017; correct?
19 statewide to inspect and pressure test oil and gas	19 A The governor's order?
20 flow lines within 1,000 feet of occupied buildings. 5:47PM	20 Q Yes. 5:50PM
21 So is that something that also occurred in	21 A I don't have a specific -- I know Steinholt
22 the evening of May 2nd, 2017?	22 talks about it, I just don't have a specific
23 A I don't believe so. It is referenced in the	23 recollection if it's in my prior reports.
24 Denver Post on May 2nd. I believe that is with	24 But my memory sitting here is that this
25 respect to earlier events, earlier events involving 5:47PM	25 would not be confounding information. This would be 5:50PM
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1 the incident. 5:47PM	1 with respect to earlier actions that are being 5:50PM
2 Q When do you think that was?	2 referenced in the 4:51 Denver Post.
3 A I do remember after the April 17th	3 Q That's your position despite the fact that
4 explosion, there was actions by the governor in terms	4 you don't have a source for that prior to May 2nd,
5 of preventative measures. 5:47PM	5 2017 at 4:51 p.m.? 5:50PM
6 I don't remember whether it was April 17th	6 A That's my memory of the record and the time
7 or April 27th, but my memory sitting here right now	7 frame. So the confounding information on May 2nd
8 is that this would not be part of the confounding	8 would be the cause of the explosion.
9 information on after-hours on May 2nd.	9 Q Which would relate only to Anadarko then?
10 Q Well, in your report it says, "soon after 5:48PM	10 A Well, I mean relate only, I mean, the facts 5:50PM
11 the firefighters released their report." That's on	11 could affect other companies as well, although maybe
12 May 2nd after close of market; correct?	12 not in a proportionate way if this affects the
13 A So the firefighters' report is May 2nd. I	13 regulatory environment going forward.
14 believe the reference to the governor in the article	14 Q In your class certification report, you
15 May 2nd is a reference to earlier actions is my best	15 cite the price declines of the other Colorado 5:51PM
16 recollection.	16 companies to argue that the Firestone issue would
17 So I would not view that as part of the	17 cause a similar decline in the Anadarko, do you not?
18 confounding information on this day.	18 A I don't remember the words "similar to
19 Q That's not my question, Dr. Ferrell. So	19 Anadarko." It's certainly an event, even if it were
20 I'm going to read from your report. 5:48PM	20 to have a disproportionate effect on Anadarko, that 5:51PM
21 "Soon after the firefighters released	21 would affect other companies.
22 their report, then Colorado Governor John	22 Q So if the news was solely about the cause
23 Hickenlooper ordered oil and gas companies statewide	23 of the explosion, how would it have any impact on
24 to inspect and pressure test oil and gas flow lines	24 other companies?
25 within 1,000 feet of occupied buildings." 5:49PM	25 A Sure, so this -- this is obviously going to 5:51PM
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<p>1 create a regulatory issue, an issue of safety 5:51PM  2 environmental. So you could easily imagine folks  3 thinking about how is this explosion going to affect  4 the industry as well as Anadarko in particular.  5 Q So there was a concern about the 5:52PM  6 regulatory environment in Colorado; correct?  7 A I think that's fair.  8 Q So concerns about issues such as setback  9 rules and the overall cost of operating in Colorado?  10 A I think at that general level -- that level 5:52PM  11 of generality, obviously that would happen after the  12 explosion itself, but there would be -- this is  13 obviously a developing story as well.  14 So it's not like those concerns all of a  15 sudden only appear on May 2nd. This is an ongoing 5:52PM  16 story that is going to disproportionately affect  17 Anadarko given its status as the largest oil and gas  18 producer being the cause of it, but certainly  19 implicates other companies.  20 Q And so it would implicate other companies 5:53PM  21 that had substantial operations in Colorado; right?  22 A Yes, I think that's reasonable.  23 Q And it would -- it would impact companies  24 that had all or most of their operations in Colorado  25 the most; right? 5:53PM</p>	<p>1 each observation that they do give equal weight to 5:54PM  2 each observation, that means there is no distinction  3 made between the different types of market or  4 industry information disclosed on a particular day;  5 right? 5:54PM  6 A I'm not sure quite what you mean, but in the  7 regression, the calibration of the model, you use all  8 the data in the estimation period to calibrate the  9 model or to estimate the model.  10 Q And no distinction is made between the 5:55PM  11 different types of market or industry information  12 disclosed on a particular day?  13 A Well, it depends on what we're talking  14 about. If we're talking about the estimation period  15 that's used to estimate the coefficients, by 5:55PM  16 definition if it's in that estimation period, it would  17 feed into the -- be part of the data being used to  18 estimate the coefficients that are then going to be  19 used for the predicted return.  20 Q So in addition to market and general 5:55PM  21 industry factors, the Colorado Peer Group reflected  22 industry factors unique to operating in Colorado;  23 right?  24 A It could. So obviously the historical  25 relationship estimated for those companies would 5:55PM  Page 142</p>
<p>1 A That would be one factor. Another factor 5:53PM  2 would be responsibility. Another factor would be the  3 size of those operations.  4 So there would be a mix of reasons that  5 would affect different companies, companies with 5:53PM  6 operations that is in Colorado.  7 Q You're familiar with the term "OLS  8 regression"? 9 A Yes.  10 Q And what does that stand for? 5:53PM  11 A Ordinary least squares.  12 Q Are OLS regressions commonly used in event  13 studies?  14 A Yes.  15 Q In fact, it's the form of regression used 5:54PM  16 in almost every securities fraud class action;  17 correct?  18 A Yes.  19 Q And when referring to an event study, it  20 generally means an event study that used an OLS 5:54PM  21 regression; correct?  22 A Generally, I mean, you could have --  23 generally speaking, unless there is a particular  24 issue.  25 Q And OLS regressions give equal weight to 5:54PM  Page 143</p>	<p>1 reflect, you know, the relationship between the index 5:55PM  2 that you're using and the individual firm.  3 Q Did you investigate if it did reflect  4 industry factors that were unique to Colorado?  5 A When you say "it," I'm not sure what you 5:56PM  6 mean.  7 Q Okay. If the Colorado Peer Group  8 reflected industry factors unique to Colorado.  9 A Well, I did investigate whether there's  10 factors unique to these Colorado companies on this 5:56PM  11 particular disclosure date, so I did do that for these  12 purposes, albeit I used a general market index for the  13 model.  14 Q So as someone who's investigated this  15 issue, what were the unique Colorado-specific issues 5:56PM  16 that were reflected in the Colorado Peer Group but  17 not the E&amp;P peer group?  18 A The Colorado Peer Group as an industry  19 control is not my industry control.  20 What I did investigate is these individual 5:57PM  21 Colorado companies and how they reacted on this  22 date.  23 Q So what did you find was causing their --  24 the impact in their decline?  25 A Well, the results of that study are reported 5:57PM  Page 145</p>

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1 in -- give me a second here. It's reported in	5:57PM	1 A What I discuss in my report and -- let me go	6:01PM
2 Page 29.		2 back to that part of the report.	
3 Q So hold on a second. I think we're		3 That would include the fire investigation,	
4 talking about two different things because I said		4 the news coming out concerning that.	
5 what was the reason rather than the results.	5:58PM	5 Q So it included the regulatory environment	6:01PM
6 A Well, I mean, this is just showing that --		6 and the expected cost of operating in Colorado;	
7 let me get the exact language.		7 right? I believe you said that before.	
8 Well, this is showing the effects on these		8 A Well, these concerns about the regulatory	
9 particular Colorado companies of any new		9 environment is something that was expressed in the	
10 value-relevant information that was disclosed on	5:59PM	10 analyst reports. But it's obviously affecting -- the	6:02PM
11 May 2nd on these particular companies.		11 information on May 2nd is affecting -- the information	
12 Q Okay. So what was the new value-relevant		12 in southern Colorado is affecting, if you look at the	
13 information?		13 pattern here, this group of peer firms.	
14 A Well, it's just whatever new information is		14 Q Okay. Again, we're going to go back to	
15 released on May 2nd if we're going to explain the	5:59PM	15 the fire department and what they said. What is	6:02PM
16 commonality of these price declines across the group,		16 your understanding of what was disclosed?	
17 it would be, at least in part, the information		17 A Well, my understanding of what was disclosed	
18 concerning the status of the situation in Colorado.		18 is reflected in those two footnotes, Footnote 23 and	
19 Q Well, where do you say that it's in part?		19 Footnote 24 concerning the fire investigation.	
20 You're saying only some of the price decline for	5:59PM	20 Q Okay.	6:02PM
21 these companies was in part?		21 A And of course, there is the later Denver	
22 A Well, I mean, the group is chosen because		22 Post which is also discussing these issues.	
23 these are identified by analysts or an analyst as		23 I'm sorry, I should amend my answer,	
24 having particular exposure to Colorado and, hence,		24 Footnote 23, 24, 25, there's also the press release	
25 what's going on in Colorado. So this is just	6:00PM	25 from May 2nd as well.	6:03PM
Page 146		Page 148	
1 illustrative of the fact that indeed this -- these	6:00PM	1 Q Now, at no point during that press	6:03PM
2 companies as a group did experience declines on this		2 conference did the fire department say that Anadarko	
3 date.		3 violated any laws; correct?	
4 Q But only part was because of the Colorado		4 A My knowledge of what was disclosed in the	
5 situation?	6:00PM	5 market is reflected in these footnotes and these	6:03PM
6 A Well, sitting here, I'm not aware of		6 citations.	
7 firm-specific news for Noble, PDC, SRC or		7 Q Okay. So you'll stand on what is in those	
8 Extraction O&G in addition to the Colorado news that		8 footnotes so we don't have to go around and around	
9 would explain any of these individual negative		9 on that one again?	
10 residuals.	6:00PM	10 A Yes.	6:03PM
11 But the pattern for all of these firms is		11 Q Okay. All right. Is it your opinion that	
12 significant reductions in value.		12 this information was value relevant?	
13 Q And why --		13 A Yes.	
14 A Reductions in value in the sense of a		14 Q And how so?	
15 statistically significant negative residual.	6:00PM	15 Let me amend the answer, actually. I want	6:04PM
16 Q But why?		16 to ask a more specific question.	
17 A I've already explained my view. So I'm not		17 So how would the linkage between Anadarko	
18 aware sitting here of other firm-specific		18 and the explosion impact its future cash flow?	
19 value-relevant information with respect to any of		19 A Well, I don't have a DCF model where I'm	
20 these four that was released the night before.	6:01PM	20 tracking the cash flow at Anadarko. What is relevant	6:04PM
21 The fact that there is a pattern here of		21 here from an event study analysis is there's negative	
22 all of them falling is consistent with the news		22 new value-relevant information, value relevant as	
23 about Colorado after-hours on May 2nd as being new		23 evidenced by the fact that Anadarko, in conjunction	
24 value-relevant information.		24 with these other peer Colorado companies had	
25 Q That being what?	6:01PM	25 significant -- statistically significant price	6:04PM
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<p>1 declines. 6:04PM</p> <p>2 Q So you did not analyze, for example, what 6:05PM</p> <p>3 Anadarko's expenses would be if the company was 4 found liable for the explosion?</p> <p>5 A No, in an event study I'm not doing a DCF 6:05PM</p> <p>6 model. I'm asking the question, how did the market 7 perceive the value relevance of this information?</p> <p>8 And that's why the event study approach is 9 useful here.</p> <p>10 Q So did Anadarko have liability insurance 6:05PM</p> <p>11 to cover such accidents as the home explosion?</p> <p>12 A I don't know.</p> <p>13 Q Any reason to doubt that Anadarko had 14 insurance that would cover the Firestone incident?</p> <p>15 A I don't have a view, it's not relevant to my 6:05PM</p> <p>16 opinion.</p> <p>17 Q So you're just assuming it would be -- it 18 would have an impact on the future cash flows?</p> <p>19 A I'm saying that the market viewed this as 20 negative value-relevant information as evidenced by 6:06PM</p> <p>21 the statistically significant declines.</p> <p>22 Q Well, if you read the analyst reports, 23 then you would know also that analysts viewed the 24 value implication as likely immaterial; right?</p> <p>25 A There is a mix of analyst coverage. It's 6:06PM</p>	<p>1 the -- it would be the third or fourth sentence in 6:08PM</p> <p>2 this report that says, "the value implication 3 directly associated with the shut-in production and 4 any physical remediation is likely" --</p> <p>5 A Is it the third paragraph? 6:08PM</p> <p>6 Q No, I'm sorry, it's the first paragraph.</p> <p>7 A Okay. Yes.</p> <p>8 Q So you see that?</p> <p>9 A I'm reading the paragraph now, give me a 10 second. 6:08PM</p> <p>11 Q Okay.</p> <p>12 A I was reading the first bullet, sorry, I 13 have to start over.</p> <p>14 Q That's okay. Yes. It's under the heading 15 "Residential Explosion." 6:09PM</p> <p>16 A I see it.</p> <p>17 Q So you see the reference to immaterial?</p> <p>18 A Yes, I see that full sentence.</p> <p>19 Q Okay. And also it says on April 27th, 20 "the market likely overreacted to the tangible value 6:09PM</p> <p>21 implication of the incident today."</p> <p>22 A Yes.</p> <p>23 Q Okay. Anadarko also said that any 24 liability would be immaterial; correct?</p> <p>25 A I don't remember that specific language. I 6:09PM</p>
<p>Page 150</p> <p>1 certainly a subject of discussion. 6:06PM</p> <p>2 At the end of the day, this group of 6:06PM</p> <p>3 companies, the Colorado companies, did experience 4 statistically significant negative residuals in 5 conjunction with this information. 6:06PM</p> <p>6 Q So you cited a report, an analyst report 6:07PM</p> <p>7 from Evercore from -- in your report and cited some 8 but not all of it.</p> <p>9 Do you have any reason to dispute that 10 Evercore said that the value implication directly 6:07PM</p> <p>11 associated was likely immaterial for Anadarko?</p> <p>12 A You have to show me the report to refresh my 13 recollection. There's over a thousand reports. So 14 you would have to show it to me to refresh my 15 recollection. 6:07PM</p> <p>16 MS. JENSEN: Okay. So I just marked as 17 Exhibit 524 a document that bears the Bates stamp 18 APC-01334718.</p> <p>19 (Whereupon, Exhibit 524 was marked for 20 identification.) 1:33PM</p> <p>21 BY MS. JENSEN:</p> <p>22 Q This is an Evercore analyst report that 23 you cite in your report, April 27th, 2017.</p> <p>24 A Yes, I see that.</p> <p>25 Q So you quote some of this report but not 6:08PM</p>	<p>Page 152</p> <p>1 would have to -- you know, obviously they released a 6:09PM</p> <p>2 press release talking about cooperating and doing 3 what's necessary, including earlier that is their 4 actions with respect to the wells.</p> <p>5 Q So I'm actually referring to their 10-Q. 6:10PM</p> <p>6 Did you look at any of their SEC filings on this?</p> <p>7 A I did.</p> <p>8 Q You did?</p> <p>9 A I did.</p> <p>10 Q Okay. And so do you cite them in your 6:10PM</p> <p>11 report?</p> <p>12 A Do I cite them in my report? If we're 13 talking about the 4:16 filing of the 10-Q, is that 14 what we're referring to?</p> <p>15 Q I'm actually talking about the 10-Q that 6:10PM</p> <p>16 they issued after the explosion, so the next 17 quarterly report.</p> <p>18 A I looked at a lot of 10-Qs, I don't have a 19 specific recollection.</p> <p>20 Q Okay. 6:10PM</p> <p>21 MS. ROSENBERG: You're referring, Rachel, 22 to the 10-Q after the class period?</p> <p>23 MS. JENSEN: I'm talking about the form 24 10-Q where they reported that there were no new 25 material contingencies after the Firestone 6:11PM</p>

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1 explosion.	6:11PM	1 Q Okay. I'm just asking you to confirm that 6:14PM
2 Q Did you look at that?		2 the company said there were no material matters that
3 A You have to show me the document. What date		3 have arisen since the Form 10-K?
4 is that released?		4 A Yes.
5 Q It's on July 24th, 2017.	6:11PM	5 Q Okay. You can also turn to Page 49. Do 6:14PM
6 A So after the class period?		6 you see under Item 1, "Legal Proceedings"?
7 Q Yes.		7 A Yes, I do.
8 A I don't believe that's on my -- it postdates		8 Q Okay. And you see it's the seventh line
9 the class period, so obviously the market would not		9 in the first paragraph, reading an excerpt,
10 have access to that, or at least to that particular	6:11PM	10 "management believes that the resolution of pending 6:15PM
11 disclosure.		11 proceedings will not have a material adverse effect
12 I have the 10-Q -- looking at my		12 on the Company's financial condition, results of
13 Appendix 2, I have the 10-Q from -- that's filed		13 operations, or cash flows."
14 March 31st, 2017 -- I'm sorry, yes. The 10-Q listed		14 A Is this in the first paragraph?
15 on my Appendix 2 of this report is -- that's the	6:11PM	15 Q Yes, I mean that's just part of it, 6:15PM
16 last 10-Q.		16 there's actually a number of different --
17 Q Okay. So this is the 10-Q that was filed		17 A I see where you're looking.
18 on July 24th, 2017. And you should be able to see		18 Q Do you see where --
19 it now, it's Exhibit 525.		19 A I see it.
20 (Whereupon, Exhibit 525 was marked for	6:12PM	20 Q You see that there, where the company said 6:15PM
21 identification.)		21 they didn't believe that any of the pending
22 THE WITNESS: Maybe I need to refresh.		22 proceedings would have a material adverse effect?
23 I have it.		23 A I see that language.
24 MS. JENSEN: Lynne, this is one that		24 Q Now, some of the information that came out
25 you'll also need to put the stamp on.	6:12PM	25 of the fire department's investigation was positive 6:16PM
	Page 154	Page 156
1 Q This is Anadarko's July 24, 2017 10-Q	6:12PM	1 for the company; right? 6:16PM
2 which is for Q2 2017.		2 A I'm not sure what you have in mind.
3 A I have it up.		3 Q Sure. So let me be more specific.
4 Q So if you turn to what's Page 24 on the		4 So they said, for example, that no -- none
5 PDF.	6:13PM	5 of the adjacent homes were in danger as a result of 6:16PM
6 A Okay.		6 the severed line?
7 Q And it states here, "There are no material		7 A That's consistent with my general memory.
8 developments in previously reported contingencies		8 Q Yes. That was a positive because it
9 nor are there any other material matters that have		9 limited the exposure to that one home?
10 arisen since the filing of the Company's Annual	6:13PM	10 A It would be positive in the sense that other 6:17PM
11 Report on Form 10-K for the year ended December" --		11 people are probably not going to get hurt. I'm
12 A I'm sorry, I'm not seeing it. So page 24 at		12 not sure if it changes the overall valuation effects
13 the bottom? I see noncontrolling interests. Am I at		13 in the marketplace.
14 the wrong place?		14 Q The severed line that caused the Firestone
15 Q Yes, I'm looking at contingencies. It's	6:13PM	15 explosion at the well, was it at the well or in the 6:17PM
16 kind of odd -- well, maybe not odd, but on the PDF,		16 property?
17 it's Page 24, but then if you look at the page		17 A Oh, what is the question again?
18 number of the document, it appears to be 22.		18 Q Was the severed line at the well or the
19 I mean, but the page number is very high		19 property?
20 up on the page.	6:14PM	20 A I thought there was discussion of something 6:17PM
21 So it must be just a partial page.		21 being moved and then it getting severed. Hold on a
22 A So it's the contingency part of the 10-Q?		22 second. Let me pull it out.
23 Q Yes.		23 Q It was very close to that particular
24 A All right. That's Note 10. It looks like		24 property; correct?
25 it's on Page 22. Yes, I'm there.	6:14PM	25 A It says in Footnote 24 that a black plastic 6:17PM
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1 pipeline near the house had been cut when a tank 2 battery was moved. 3 Q Right. So it was near the home and not at 4 the well, so that would also be positive 5 information; correct? 6:17PM	6:17PM	1 largest oil and gas producer in Colorado at the time. 6:20PM 2 Q So largest oil producer, do you analyze 3 what percentage of Anadarko's operations were 4 impacted versus the other companies? 5 A No. I obviously read analyst reports 6:20PM 6 covering all of these companies and talking about the 7 basin and the effect of that but I did not quantify 8 that but rather asked the question what did the market 9 think. 10 Q Do you consider that Anadarko is 6:21PM 11 well-diversified global producer? 12 A I do think, as I described in the opening of 13 my reports, that they have operations in lots of 14 places. 15 Q Do you agree with defendants' other expert 6:21PM 16 in this case, his name is Mr. Keller, that Anadarko 17 had a large and diversified asset base? 18 A Again, I think that's consistent with the 19 description -- I can't remember whether it's in this 20 report or my opening report -- of the operations they 6:21PM 21 had in a variety of places. 22 Q So from an economic standpoint, 23 diversification is the equivalent to the adage don't 24 put all your eggs in one basket; right? 25 A You know, it depends on how you define the 6:22PM Page 158
1 aftermath. 6:19PM 2 Q Did you perform any economic analysis to 3 determine whether the confirmation of the linkage 4 between the well and Anadarko was value-relevant new 5 information that impacted cash flows? 6:19PM 6 A I notice that in your question, you built in 7 an assumption -- 8 MS. ROSENBERG: Objection, form. 9 THE WITNESS: -- or a predicate, which is 10 the confirmation. I would frame it the way I did 6:19PM 11 earlier, which is the cause was disclosed after 12 market on May 2nd. 13 Yes, I did do standard economic analysis, 14 which is what did these group of firms, the firms 15 with economic exposure to Colorado, what happened to 6:19PM 16 them in the marketplace when this negative 17 information came out and, in fact, they all declined 18 in a statistically significant way. 19 So in my view that's very powerful 20 evidence that the market didn't like this. 6:20PM 21 Q Now, is it your opinion that Anadarko had 22 greater exposure than the Colorado Peer Group? 23 A I didn't say that. 24 Q Is it your opinion or no? 25 A No. My opinion is that Anadarko was the 6:20PM Page 159	Page 158	1 basket. These are oil and gas. It will be exposed in 6:22PM 2 that way. But you're in a different location, it's 3 not exposed in that way. 4 So, yes, it's diversified in some ways and 5 not in other ways. 6:22PM 6 Q In other words, if you drop the basket -- 7 maybe I'm straining the metaphor here. But if you 8 drop the Colorado basket, you haven't broken all 9 your eggs; right? 10 A That's fair. 6:22PM 11 Q And so Anadarko had a large diversified 12 asset base across the world, if something happened 13 in one place, here, Colorado, it would have a lesser 14 impact than a company who had all their baskets -- 15 all their eggs -- now I've really messed that up 6:22PM 16 metaphor -- all their eggs in the Colorado basket? 17 A I think that's right, holding constant 18 everything else. So, for example, who is responsible 19 for the accident. 20 So holding all else equal, I agree with 6:22PM 21 that. 22 Q Did you look to see that the other 23 companies -- I believe you already testified that 24 you did not do this analysis. But I just want to 25 make sure that I have got this right. 6:23PM Page 161

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<p>1 What percentage of the other Colorado peer 6:23PM 2 groups operations were in Colorado?</p> <p>3 A So just give me a second here. Let me make 6:23PM 4 sure I have the right page.</p> <p>5 So I did not do a quantification of the 6:23PM 6 distribution of oil and gas assets across these 7 companies. Obviously this is something that is 8 talked about in analyst reports including for 9 Anadarko.</p> <p>10 So, no, I don't have a hidden analysis 6:24PM 11 that I didn't provide in my report.</p> <p>12 Q Okay. You have no reason to doubt that 13 Extraction Oil &amp; Gas had disclosed in its SEC 14 filings prior to this that substantially all of our 15 producing properties are geographically concentrated 6:24PM 16 in the DJ basin of Colorado?</p> <p>17 A I have no reason to dispute that.</p> <p>18 Q Also, the company is much smaller than 19 Anadarko was at the time; correct?</p> <p>20 A So just give me a second here. 6:24PM 21 So in my analysis of market efficiency, I 22 have the market caps for these different companies, 23 I would just reference that.</p> <p>24 I do think it's accurate that they are 25 smaller as we look at the market capitalization row, 6:25PM</p>	<p>1 A I would have no basis to disagree. 6:27PM 2 Q Okay. And its market cap was around 3 1.5 billion?</p> <p>4 A Which paragraph was that?</p> <p>5 Q That was -- I hope I didn't say the wrong 6:27PM 6 number -- SRC Energy.</p> <p>7 A Yes, I mean they are 2 billion or lower.</p> <p>8 Q Right. Yeah, I got it, 607 million to 9 2 billion.</p> <p>10 Also PDC Energy, prior to this occurring, 6:27PM 11 had disclosed to their investors that a substantial 12 part of their operations were in the Wattenberg 13 field, making the company vulnerable to risks 14 associated with operating primarily in a single 15 geographic area? 6:27PM</p> <p>16 A I have no basis to disagree.</p> <p>17 Q Okay. And again, also much smaller than 18 Anadarko.</p> <p>19 Noble Energy also had substantial 20 operations in the DJ basin? 6:28PM</p> <p>21 A I believe that's right. They tend to be a 22 bigger company relative to these other ones.</p> <p>23 Q Right. But was less geographically 24 diversified than Anadarko?</p> <p>25 A I would have no basis to disagree. 6:28PM Page 164</p>
<p>1 Row 7 of that exhibit. 6:25PM 2 Q Okay. Could you just identify for the 3 record where you're talking about in your report?</p> <p>4 A Yes. So it's right after Appendix 3-3. So 5 unfortunately -- I'm sorry, 4. So I think it's 6:25PM 6 Appendix 3-4, I believe.</p> <p>7 Q Okay. So it does have the market cap, 8 okay.</p> <p>9 So Anadarko at the time was 15 to 10 50 billion versus the others were anywhere from 6:25PM 11 607 million to -- I'm seeing up to -- so all of them 12 are smaller, okay.</p> <p>13 But in any event, your chart reflects the 14 market cap at the time for the other companies?</p> <p>15 A Yes. 6:26PM 16 Q Okay. All right. Now, with SRC Energy, 17 do you have any reason to doubt that like Extraction 18 Oil &amp; Gas, they had disclosed to investors prior to 19 this occurring that substantially all of our 20 producing properties are located in the DJ basin in 6:26PM 21 Colorado?</p> <p>22 A I have no particular reason to disagree.</p> <p>23 Q And they go on to warn their investors 24 that they are disproportionately exposed to 25 government regulation in Colorado? 6:27PM</p>	<p>1 Q So given that all the other companies in 6:28PM 2 the Colorado Peer Group had much greater exposure to 3 Colorado, the impact of the Colorado regulatory 4 concerns would be much less on Anadarko than the 5 other companies; right? 6:28PM</p> <p>6 A It's possible. Although, again, it depends 7 on how the market views how Anadarko is going to be 8 treated relative to others given its role in the 9 incident.</p> <p>10 So it would be a question for the market 6:28PM 11 to value and that's why it's so helpful to have the 12 event study.</p> <p>13 Q So -- but just a matter of common sense, 14 if not economic sense, right, that if there's less 15 exposure, there'd likely to be less impact? 6:29PM</p> <p>16 MS. ROSENBERG: Objection to form.</p> <p>17 THE WITNESS: I would say it depends, what 18 type of wells, how is that going to be impacted by 19 the regulation, what is Anadarko's role and what 20 effect does that have on how it's going to be 6:29PM 21 treated regulatorily.</p> <p>22 So, again, all these things would have to 23 be valued by the market and that's why it's so 24 helpful to have an event study.</p> <p>25</p>

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1 BY MS. JENSEN: 6:29PM	1 MS. ROSENBERG: Objection, form. 6:32PM
2 Q You didn't perform economic analysis to 6:29PM	2 THE WITNESS: I actually think it's
3 demonstrate that the impacts would be greater or 6:29PM	3 negative 7.42 but --
4 less?	4 BY MS. JENSEN:
5 A I did. So the event study shows that it's 6:29PM	5 Q Apologies. 6:32PM
6 negative eight -- let me just go to the paper. I 6:29PM	6 A Yes, the T-statistics are different, it
7 would just reference my event study results. That's 6:29PM	7 doesn't -- it's completely irrelevant.
8 the market's view of the valuation effect.	8 Q And why do you say it's irrelevant?
9 Q And it's your view that that entire drop 6:30PM	9 A Because all of them meet the standard -- and
10 was about the regulatory concerns in Colorado? 6:30PM	10 I think Mr. Steinholt agrees with me the standard 6:33PM
11 A No, not quite. As I said before, I'm not 6:30PM	11 statistical threshold of absolute value of 1.96.
12 aware of other firm-specific news for this peer group, 6:30PM	12 Q Okay. So your view is that the
13 these four. I'm not aware of any.	13 T-statistic is completely irrelevant to the economic
14 And so the commonality of the stock drop 6:30PM	14 analysis; is that right?
15 is powerful economic evidence in my view that the 6:30PM	15 A I did not say that. I said what's relevant 6:33PM
16 market viewed, for these companies, this information 6:30PM	16 to the economic analysis is that the absolute value of
17 in a very negative way.	17 the T-statistics for all five of these companies
18 And its regulation, it could be 6:30PM	18 exceeds the statistical threshold of the absolute
19 reputation, it could be any number of things that 6:30PM	19 value exceeding the -- the absolute value of which
20 the market is valuing in how it updates the market 6:30PM	20 exceeds 1.96. 6:33PM
21 value of these particular companies.	21 Q When I said, so your view is that the
22 Q Okay. So all the Colorado operators had a 6:30PM	22 T-statistic is completely irrelevant, why did you
23 statistically significant price decline on May 3rd, 6:30PM	23 disagree?
24 2017; right?	24 A Because I do look at the T-statistics to see
25 A Yes. Let me go to my table. 6:30PM	25 whether it meets that statistical threshold, so it is 6:33PM
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1 Q Okay. 6:30PM	1 relevant for that. 6:34PM
2 A Let me make sure we're all on the same page 6:30PM	2 Q And it could be relevant to the level of
3 here.	3 confidence as well; right?
4 I'm on Table -- I would go to Table 2 on 6:31PM	4 A Well, different T-stats will have different
5 Page 28.	5 levels of confidence. But again, in a statistical 6:34PM
6 Q Okay. So Table 2, okay. We're on the 6:31PM	6 enterprise or test, you need to have a test with
7 same page literally.	7 statistical significance, the standard test is
8 Okay. So the measure of the statistical 6:31PM	8 5 percent.
9 significance is called a T-statistic; right?	9 MS. JENSEN: Okay. Let's take a quick
10 A Yes. 6:31PM	10 break. 6:34PM
11 Q And if you look at your Table 2, all of 6:31PM	11 THE WITNESS: Sure.
12 the Colorado operators other than Anadarko had a 6:31PM	12 THE VIDEOGRAPHER: We're off the record.
13 T-statistic of three-point something; correct?	13 It's 6:34 p.m.
14 A Yes.	14 (Recess taken.)
15 Q And so that's common to all of the 6:32PM	15 THE VIDEOGRAPHER: Back on the record. 6:53PM
16 Colorado Peer Group?	16 It's 6:53 p.m.
17 A Yes, and in my view the only thing that's 6:32PM	17 BY MS. JENSEN:
18 relevant is that it exceeds the absolute value 1.96.	18 Q Welcome back, Dr. Ferrell.
19 Q But again, they all similarly have a 6:32PM	19 In your opinion, did the suspension of
20 T-statistic of three something?	20 Shenandoah and associated write-down have zero 6:53PM
21 A Sure.	21 impact on the company's expected future cash flows?
22 Q Okay. However, Anadarko's T-statistic is 6:32PM	22 A I'm not looking at it through the cash flows
23 7.42, which is significantly greater than the other	23 but rather the market valuation, which would
24 companies that had a T-statistic of three-point	24 incorporate the market's view as to cash flows.
25 something; right?	25 Q Okay. So you're not looking at it from a 6:53PM
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1 cash flow perspective? 6:54PM	1 at in your report? 6:57PM
2 A I would not say that. I would say in an 6:54PM	2 A I'm not trying to avoid the question, but
3 efficient market, the market prices all value-relevant 6:54PM	3 it's the entirety of my economic analysis, including
4 information. Value-relevant information, that is 6:54PM	4 but not limited to the event study analyses with
5 public. And value-relevant information would include 6:54PM	5 respect to May 3rd. 6:57PM
6 information that changes the market's view as to cash 6:54PM	6 Q So when you say the event study analysis
7 flows. 6:54PM	7 with respect to May 3rd, you're talking about the
8 Q Okay. And so if market participants, 6:54PM	8 analysis of the Colorado Peer Group companies?
9 their views changed as to future cash flows 6:54PM	9 A And also my Cobalt and Conoco analysis as
10 following the announcement of the suspension of 6:54PM	10 well. But that's not the entirety of my analysis. I 6:57PM
11 appraisal activities at Shenandoah and associated 6:54PM	11 would incorporate in my answer the entirety of my
12 write-down, then that would indicate there was an 6:54PM	12 economic analysis.
13 impact? 6:54PM	13 Q Let's turn to the Cobalt -- your analysis
14 A So the question is the market, which is the 6:55PM	14 of Cobalt. So if the suspension of the Shenandoah
15 consensus view of the market actors, views the cash 6:55PM	15 was not new value-relevant information, why would 6:58PM
16 flows, for example, being significantly altered as a 6:55PM	16 analysts use it to reduce Cobalt's value?
17 result of a disclosure, then the market price will 6:55PM	17 A There is, I agree, a -- the dollar amount is
18 change accordingly. So, again, it's the consensus 6:55PM	18 small. I think if you gross it up, it's like
19 market view as to the value implications, if any, of a 6:55PM	19 \$31 million. So it's a small dollar drop but it is a
20 particular disclosure. 6:55PM	20 statistically significant negative residual. And so 6:58PM
21 Q Okay. So -- I just want to make sure I 6:55PM	21 here I would reference Table 1 on Page 16.
22 understand your position. 6:55PM	22 Q So given that there was a statistically
23 So you're not taking a position one way or 6:55PM	23 significant negative residual, that indicates it was
24 the other whether the 902 million-dollar write-down 6:55PM	24 new value-relevant information; correct?
25 of Shenandoah had implication for Anadarko's future 6:55PM	25 A It would indicate that for Cobalt, given its 6:58PM
Page 170	Page 172
1 cash flows? 6:55PM	1 situation and its very modest market capitalization, I 6:58PM
2 A Well, I'm taking a position that the market 6:55PM	2 think 167 million, that it did -- it is associated
3 did not view that disclosure as changing its view as 6:55PM	3 with a statistically significant price drop again. If
4 to the market view of Anadarko. 6:55PM	4 you gross it up to the 33 percent, it's something --
5 I also have a discussion of accounting and 6:56PM	5 it's somewhere in the order of \$31 million. 6:59PM
6 accounting is not cash flows, or at least it's not 6:56PM	6 Q Therefore, given the efficient market,
7 future cash flows. 6:56PM	7 then the information you would agree is new;
8 So I definitely have a discussion of why 6:56PM	8 correct?
9 it is that the market would not view an accounting 6:56PM	9 A Yes. So some of the disclosures that we've
10 issue as changing its perception of the value of the 6:56PM	10 been talking about on May 2nd is new information, not 6:59PM
11 company. 6:56PM	11 the dry hole but yes, there is new information.
12 Q The basis for your position about what the 6:56PM	12 Q Okay. So the new information again being
13 market viewed the disclosure as -- is contained in 6:56PM	13 suspension of appraisal activities and the
14 your report here of January 25th, 2023? 6:56PM	14 write-down of Shenandoah; correct?
15 A Yes, I do incorporate by reference my 6:56PM	15 A Yes, and the -- I just want to be clear, the 6:59PM
16 earlier reports. 6:56PM	16 earlier disclosure of May 2nd concerns the dry hole
17 Q But the -- in your January 25th, 2023, are 6:57PM	17 and the dry hole expense.
18 there certain paragraphs where you set forth the 6:57PM	18 Q So we've talked about Cobalt just a little
19 basis of this opinion? 6:57PM	19 bit. The issue regarding ConocoPhillips relates to
20 A Yes, it's the entirety of the report that's 6:57PM	20 whether the impact on ConocoPhillips was large 7:00PM
21 assessing Mr. Steinholt's analysis and my view of the 6:57PM	21 enough to be statistically significant, which it's
22 economic evidence. 6:57PM	22 not; right?
23 Q But where is your view of the economic 6:57PM	23 A Yes. So the stock price on Conoco went
24 evidence? And now I'm talking about the disclosure. 6:57PM	24 actually up on May 3rd. Statistically, that increase
25 Is it contained in one central place that I can look 6:57PM	25 in the stock price is statistically indistinguishable 7:00PM
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1 from zero.	7:00PM	1 recollection. Hang on a second here.	7:04PM
2 Q Give me one moment here.		2 I'm not going to do this all from memory.	
3 So for purposes of the T-statistic for it		3 But the basis of my statement is I was not able to	
4 to be statistically significance, it has to be 1.96		4 find any confounding news.	
5 or greater? 7:01PM		5 Q Right. I'm just asking -- and it sounds	7:05PM
6 A Absolute value, yes.		6 like you're confirming that there were analyst	
7 Q For ConocoPhillips to meet the benchmark		7 reports during that same time frame?	
8 mark for statistical significance, it has to be more		8 A That's consistent with any memory. But	
9 than 2.17 percent; is that right?		9 again, there are so many analyst reports in this case,	
10 A Maybe 2.18 percent. It would basically be	7:01PM	10 I would need to take a look to refresh my	7:05PM
11 the standard error, the regression times your standard		11 recollection.	
12 for statistical significance.		12 Q So sitting here right now, you don't know	
13 Q The standard error for the ConocoPhillips		13 how many analyst reports were issued about	
14 event study is roughly 1.11 percent?		14 ConocoPhillips in that same time period?	
15 A I don't have -- I didn't memorize it. That	7:01PM	15 A No, I have not memorized the wording of	7:05PM
16 might be right. I mean, you can easily back it out of		16 analyst reports, you know, they obviously say what	
17 the ratio.		17 they say.	
18 Q The abnormal return for ConocoPhillips was		18 Q Right. Did you review the 29-page Barclay	
19 positive; right?		19 report on May 3rd to look for potentially	
20 A Yes. 7:02PM		20 confounding information?	7:05PM
21 Q So -- but it's fair to say there was		21 A I don't recall that specifically. If it's	
22 positive information relating to ConocoPhillips on		22 on my list, I did, but I don't have a specific	
23 May 3rd that increased -- that explained the		23 recollection.	
24 increase in ConocoPhillips's stock price?		24 As I said, there's well over a thousand	
25 A No, no. Because as I said, that abnormal	7:02PM	25 analyst reports in this matter. But I don't, to	7:06PM
	Page 174		Page 176
1 return, the 71 basis points, as you can see in	7:02PM	1 your question, have a specific recollection.	7:06PM
2 Table 1, is statistically indistinguishable from zero.		2 Q Right. Did any analysts increase their	
3 Q But on an absolute basis, it's positive;		3 earnings per share estimate on May 3rd for	
4 right?		4 ConocoPhillips?	
5 A Yes, but statistically it's	7:02PM	5 A I don't have that memorized. I don't know	7:06PM
6 indistinguishable from zero.		6 offhand.	
7 Q What did you do to determine that there		7 Q Hillyard Lynn did; right?	
8 was no new information disclosed on May 3rd		8 A I'm sorry?	
9 regarding ConocoPhillips?		9 Q Hillyard Lynn did; correct?	
10 A Give me a minute here. 7:03PM		10 A I'm sorry, I'm not understanding.	7:06PM
11 I have the wrong part of my report, I'm		11 Q Hillyard Lynn, are you familiar with	
12 sorry.		12 Hillyard Lynn?	
13 Q That's okay. Take your time.		13 A Is this a question have I read the report?	
14 A So it's Paragraph 29 and Footnote 60 in		14 Q Yes.	
15 particular, Page 15. 7:04PM		15 A I don't have a specific recollection.	7:06PM
16 Q So you searched all news on the Factiva		16 There's so many analysts and commentary that I would	
17 and Bloomberg's databases; is that right?		17 have to see it to refresh my recollection.	
18 A Yes.		18 Q An analyst increase in earnings per share	
19 Q Did you do anything else?		19 would be positive confounding information; correct?	
20 A That -- no, that's my answer. 7:04PM		20 A Not per se. I would want to take a look	7:06PM
21 Q Were there any analyst reports issued		21 at -- obviously you want to consider analyst reports.	
22 about ConocoPhillips after the market closed on		22 There's nothing wrong with looking at	
23 May 2nd through the close on May 3rd, 2017?		23 analyst reports, but would you want to think about	
24 A I'm sure there were, but there's so many		24 the totality, the total mix of information, event	
25 analyst reports, you would have to refresh my	7:04PM	25 study results and so forth before performing -- in	7:07PM
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1 making that assessment. 7:07PM	1 premium or attention given to the operator who 7:09PM
2 Q Right. And you would not be able to 2 controls the enterprise?	3 A Well, there is a literature on the private
3 assess it if you didn't analyze the analyst reports; 4 benefits of control or control premium. None of that	4 right?
5 A Well -- 7:07PM	5 is applicable here. 7:10PM
6 MS. ROSENBERG: Objection.	6 Q What research is that or what literature
7 THE WITNESS: If I didn't read it, 7 is that?	8 A I don't have the articles memorized.
8 obviously I didn't read it. Again, I don't have a 9 specific recollection either way.	9 There's -- oh, my friend Nusha Bachak has a famous
10 I would have to go through my -- the 7:07PM	10 paper on private benefits of control. So there's 7:10PM
11 thousands plus analyst reports in my initial report	11 academic literature on, you know, if I have a position
12 and the ones listed here.	12 in a company or control position, I could divert
13 If it's not on the list, then I've not	13 benefits to myself at the expense of others.
14 reviewed it unless it's quoted or excerpted in some	14 There is a famous paper, now that I am
15 way in Mr. Steinholt's work. 7:07PM	15 talking, by Sindal Malatharian who's at the 7:10PM
16 BY MS. JENSEN:	16 University of Chicago now about diversion of cash
17 Q Right. But generally, an analyst opinion	17 flows in the Indian conglomerates.
18 sometimes provide new information that can result in	18 There's just lots of papers that talk
19 a price reaction; right?	19 about benefits of control in the sense of gathering
20 A I guess it's theoretically possible. 7:07PM	20 in a disproportionate way cash flows to myself 7:11PM
21 Normally, my general experience is analyst commentary	21 perhaps at the expense of others.
22 can be helpful in explaining what folks are talking	22 Q And also --
23 about in the marketplace or what are different market	23 A There is a famous article on the
24 actors to use at different points in time.	24 non-pecuniary benefits of control of media companies
25 Q Are you aware of any academic research on 7:08PM	25 by Demsetz and I think Ken Lehn. So there's lots of 7:11PM
	Page 178 Page 180
1 this topic? 7:08PM	1 papers on the private benefits and control, none of 7:11PM
2 A Yes. So I don't have the papers off the top	2 that is applicable here.
3 of my head. There are papers that do find	3 Q And also with the operator -- strike that.
4 occasionally an analyst report that has some kind of	4 And here Anadarko as the operator had more
5 new valuation or something that the market deems	5 control over the decision-making; right? 7:11PM
6 independently important can cause a price reaction.	6 A That's my general understanding.
7 But again, generally my experience -- this	7 Q So, for example, Anadarko made the
8 is consistent with the academic literature. It's	8 decision to suspend appraisal activities at
9 more about how is the market reacting to a	9 Shenandoah without telling any of its partners in
10 disclosure that, you know, for example, the company	10 advance; is that right? 7:12PM
11 made.	11 A That I don't know whether they told them or
12 Q Is it your opinion that the Shenandoah --	12 not. It's beyond my knowledge.
13 sorry, the Shenandoah news after the market closed	13 Q You are aware, however, that
14 on May 2nd, 2017 would have the same or similar	14 ConocoPhillips amended its financials after Anadarko
15 impact on ConocoPhillips as Anadarko? 7:09PM	15 released its alleged corrective disclosure and it 7:12PM
16 A No, I think -- I don't want to get these	16 did so because of Anadarko's surprise announcement?
17 percentages wrong. Anadarko at that point I think had	17 A I don't know if there is an amendment of
18 33 percent, if I remember correctly, Conoco had	18 financials, but there is a Conoco disclosure on
19 30 percent, if my memory serves me. So there was a	19 May 4th, that is true.
20 little bit of difference in their cash flow position. 7:09PM	20 Q In redaction to Anadarko's filing; 7:12PM
21 Q And also Anadarko was the operator;	21 correct?
22 correct?	22 A I think -- you're really testing my memory
23 A Yes, but that doesn't affect my judgment as	23 of documents. I think on May 4th, there is a
24 to the economics of the -- of having a position.	24 reference, as I remember -- the document speaks for
25 Q So it's your opinion that there is no 7:09PM	25 itself -- referencing the earlier disclosure or in 7:12PM
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<p>1 reaction or something like that. That's my 7:12PM  2 recollection as best I can remember.</p> <p>3 Q And again, if we had the luxury of so many 7:12PM  4 hours, I would go through all these documents with  5 you, so I'm not trying to do a gotcha. 7:12PM</p> <p>6 A I believe you.</p> <p>7 Q I'm just trying to -- every exhibit adds 8 time, so just -- yes, thank you for believing me.</p> <p>9 So you referenced earlier the difference 10 in the working interest between ConocoPhillips 7:13PM  11 versus Anadarko. So Anadarko owned 33 percent of  12 working interest versus ConocoPhillips owning  13 30 percent.</p> <p>14 And so if we assume for sake of this 15 discussion that the impact on Anadarko was 7:13PM  16 1,075,000,000, the impact on ConocoPhillips would be  17 about 975 million; correct?</p> <p>18 A I totally reject the 1.07 figure which I 19 know is from Steinholt. I think that's completely  20 erroneous. But, yes. So the effect, you would want 7:13PM  21 to adjust to reflect the 30 or the 33 percent.</p> <p>22 Q But my numbers are right, I'm not asking 23 you to change your opinions in the case and all of a  24 sudden come around to praising Mr. Steinholt, I'm  25 just saying the numbers that I've just set forth are 7:14PM</p>	<p>1 I'm not going to agree to a calculation that I have 7:15PM  2 not verified.</p> <p>3 Q And you haven't run this calculation?</p> <p>4 A I did a calculation for Cobalt in my Daubert 5 opinion, so it would be a similar calculation. 7:15PM</p> <p>6 Q But you haven't run it for ConocoPhillips?</p> <p>7 A No. No. But again, it's simple arithmetic.</p> <p>8 It would just be the way I did it for Cobalt in the 9 opposition, which would be doing the adjustment for  10 the interest and yes -- anyway. 7:15PM</p> <p>11 Q Okay. In any event, I won't make you do  12 more calculations or pull out your iPhone.</p> <p>13 But in light of the difference in the 14 working interest and the size of the companies, all  15 things equal, the impact would not be expected to be 7:16PM  16 the same on ConocoPhillips as to Anadarko; right?</p> <p>17 A On a percentage basis or an absolute basis  18 or are we talking both?</p> <p>19 Q I'm talking about statistical significance  20 really. 7:16PM</p> <p>21 A Well, I mean, again, if the ownership  22 interest of Conoco is lower, which it is, then the  23 impact would be, you know, the difference between 33  24 and 30 percent, 1/11th, if you will.</p> <p>25 And that would be the dollar impact and 7:16PM</p>
<p>Page 182</p> <p>1 correct; right? 7:14PM</p> <p>2 A I can pull up my iPhone and put them in a 3 calculator, but I trust you can do arithmetic.</p> <p>4 Q Given that ConocoPhillips had 5 1.237 billion shares outstanding, that would be 7:14PM  6 approximately an impact of 79 cents per share?</p> <p>7 A I don't remember how many shares are 8 outstanding but you would --</p> <p>9 MS. ROSENBERG: Object to form.</p> <p>10 THE WITNESS: Whatever your hypothetical 7:14PM  11 is you would adjust for the ownership share and then  12 if you wanted to normalize another share account,  13 you could do so.</p> <p>14 BY MS. JENSEN:</p> <p>15 Q In any event, it would all come out 7:14PM  16 essentially to a 1.69 percent change in the closing  17 price for ConocoPhillips, which would not be  18 statistically significant; right?</p> <p>19 MS. ROSENBERG: Objection to form.</p> <p>20 THE WITNESS: So you're asking me to agree 7:15PM  21 to a calculation. I'm not -- you know, I'm not  22 going to do --</p> <p>23 BY MS. JENSEN:</p> <p>24 Q You haven't done --</p> <p>25 A There's a calculation that you can do, but 7:15PM</p>	<p>Page 184</p> <p>1 you could translate that into a return calculation 7:16PM  2 for the company, again, accepting a number that I  3 don't accept.</p> <p>4 Q I understand. I'm just setting that aside  5 for now. Don't worry. 7:16PM</p> <p>6 But -- and then also the market cap for  7 ConocoPhillips is much larger, so for purposes of  8 the analysis, it would also be expected to have a  9 lesser impact?</p> <p>10 A On a percentage basis, I think that's right. 7:17PM</p> <p>11 Q Now, the May 2nd, 2017 ConocoPhillips  12 disclosure, it did not disclose the amount of dry  13 hole expense relating to Shen 6; right?</p> <p>14 A So are we talking about the May 6th?</p> <p>15 Q May 2nd. 7:17PM</p> <p>16 A May 2nd, okay. Sorry.</p> <p>17 My memory is a dry hole of 100 and some  18 million, but I want to -- I don't want to  19 misremember here. Let me go to the report before I  20 discuss that. 7:17PM</p> <p>21 Q So -- sure, that's fine. I believe the  22 statement was that there was a dry hole expense  23 including Shen 6, but it didn't break it out.</p> <p>24 MS. ROSENBERG: Is that a question?</p> <p>25 THE WITNESS: I'm going to pause and find 7:17PM  Page 185</p>

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<p>1 the relevant part of my report. I'm sorry, give me 7:18PM  2 another minute.</p> <p>3 Thank you for your patience.</p> <p>4 BY MS. JENSEN:</p> <p>5 Q I found it -- 7:19PM</p> <p>6 A Table 3, Paragraph 33 --</p> <p>7 Q Yes.</p> <p>8 A My understanding is on the morning of  9 May 2nd, 2017, ConocoPhillips disclosed that, quote,  10 first quarter earnings were negatively impacted by 7:19PM  11 101 million of pretax dry hole expense, which includes  12 the Shenandoah 6 well in the Gulf of Mexico.</p> <p>13 Q So it didn't break out what the expense  14 was for Shenandoah 6?</p> <p>15 A That's the disclosure. 7:20PM</p> <p>16 Q Right? I mean it says includes?</p> <p>17 A It does say includes.</p> <p>18 Q Okay. And it does not mention in that  19 disclosure the Shenandoah 6 sidetrack?</p> <p>20 A I believe that's correct. 7:20PM</p> <p>21 Q Was this the first time that Shenandoah 6  22 was reportedly dry or wet?</p> <p>23 A I think there might -- I know that -- I am  24 trying to remember Mr. Steinholt that talks about this  25 or he says something -- let me see here. Hold on. 7:20PM</p>	<p>1 today it will take more than 70, most likely, before 7:22PM  2 we see greenfield projects in deepwater basins around  3 the world."</p> <p>4 So I guess -- and then Goldman says in  5 March of 2017 that Anadarko indicated that it was 7:22PM  6 unlikely to get approval at 50 to 55.</p> <p>7 So that's -- that forms my understanding.</p> <p>8 Q So that is the basis for your view. And I  9 think the record is the record on each of these  10 statements. 7:23PM</p> <p>11 Okay. So the company never said at what  12 oil price it would write Shenandoah down; right?</p> <p>13 A I don't recall seeing that.</p> <p>14 Q And you're aware that there's other ways  15 of monetizing an oil prospect other than sanctioning 7:23PM  16 it for development?</p> <p>17 A Monetize -- I mean, you could always sell an  18 asset, so I know that Cobalt was trying to, I believe  19 it was on the verge of bankruptcy, to do that is my  20 understanding. 7:23PM</p> <p>21 Q ConocoPhillips had been trying to do so  22 since 2015 as well; right?</p> <p>23 A That I don't recall.</p> <p>24 Q ConocoPhillips had also said it was  25 exiting GoM deepwater back in 2015; right? 7:24PM</p>
<p>Page 186</p> <p>1 You have to refresh my recollection on 7:21PM  2 that.</p> <p>3 Q So I think the record will speak for  4 itself on that. But you're not saying that that's  5 the first time the Shen 6 being wet was reported? 7:21PM</p> <p>6 A Correct.</p> <p>7 Q Okay. During the class period, the  8 company never specified an oil price at which it  9 would sanction Shenandoah; right?</p> <p>10 A My recollection is there is discussion of 7:21PM  11 \$70, there's also discussion of \$60. So let me go to  12 that part of my report. And it's really what's  13 reflected in Paragraph 35.</p> <p>14 Let me see what is the most relevant. So  15 I would go to Page 20, the first bullet there, 7:22PM  16 April 12th, 2016, at least according to the  17 Wellington analyst, the operator, that is Anadarko,  18 is on record saying they wouldn't sanction  19 Shenandoah until oil was back in the 70s given where  20 costs are today. 7:22PM</p> <p>21 I think that's probably most responsive to  22 your question.</p> <p>23 Q This was in April 2016?</p> <p>24 A Yes, and then there's one in November 2016  25 from the chairman of the company saying, "I do believe 7:22PM</p>	<p>Page 188</p> <p>1 A I do remember a statement at some point in 7:24PM  2 the record along those lines. That's my best  3 recollection.</p> <p>4 Q So you have a statement in Paragraph 36,  5 Page 20 of your report that says, "oil prices, which 7:24PM  6 are observable, are a key factor." And it goes on.</p> <p>7 I just want to zero in on the reference to  8 observable. What oil prices are you referring to  9 there?</p> <p>10 A Particularly Figure 2. 7:24PM</p> <p>11 Q Okay. And so for the record, what prices  12 are these?</p> <p>13 A The WTI oil prices per barrel.</p> <p>14 Q There is a reference to spot oil price?</p> <p>15 A Yes. 7:24PM</p> <p>16 Q And that wasn't how Anadarko was analyzing  17 Shenandoah; right?</p> <p>18 A I don't think that's accurate. I think that  19 my memory of the record is Anadarko, in thinking about  20 sanctioning and where Shenandoah was, did reference in 7:25PM  21 that consideration or those statements the short-run  22 prices of the oil.</p> <p>23 Q Anadarko was analyzing Shenandoah using  24 mid to long cycle oil prices; right?</p> <p>25 A I don't know the answer to that. I would 7:25PM</p>

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<p>1 not -- I'm not saying they didn't. 7:25PM  2 All I'm saying is they did reference, is  3 my memory, Anadarko did reference to the market in  4 its discussion of sanctioning did reference the  5 current oil prices. 7:25PM  6 Q Well, the record I think will stand for  7 itself there.  8 On Figure 2 there's also a reference to  9 WTI futures oil price. How far into the future are  10 those future prices that you cite in your Figure 2? 7:26PM  11 A I believe five months.  12 Q Five months?  13 A Yes.  14 Q And how far into the future would the oil  15 from a potential Shenandoah field be sold? 7:26PM  16 A If it was a long-winded project, it would be  17 a significant number of years would be my assumption.  18 Q And that oil price is not --  19 A Including you not selling it, yes, and  20 somebody else does it. 7:26PM  21 Q That oil price is not observable; correct?  22 A I think my memory is if you go out further,  23 it gets less liquid is my memory of these futures.  24 But again, the spot and the futures a few  25 months out are consistent with, you know, where we 7:26PM  Page 190</p>	<p>1 A I don't agree with that statement. 7:28PM  2 Q But you would be looking at future prices;  3 right?  4 A Well, again, Anadarko is saying that -- and  5 these analysts on Pages 19 and 20 are saying given 7:28PM  6 where oil is today, it's unlikely to be sanctioned.  7 Q Okay. Let's -- the record speaks for  8 itself on that score.  9 Okay. Let's turn to Page 22 of your  10 report. 7:28PM  11 A Yes.  12 Q So you have a heading here that says  13 Steinholt says Shenandoah's market value must be at  14 least as much as its book value; right?  15 A Yes. 7:29PM  16 Q That's not true; right?  17 A I don't agree with that.  18 Q I mean, Mr. Steinholt didn't say that, did  19 he?  20 A That's my interpretation of when he says 7:29PM  21 it's a conservative measure of value.  22 Q Did you write that?  23 A What's that?  24 Q Did you write that?  25 A So Paragraph -- no, what I just read is from 7:29PM  Page 192</p>
<p>1 are today or in the near future in terms of the oil 7:26PM  2 price situation.  3 Q So you wouldn't think that Shenandoah  4 would be sold prior to 2019, would you, at this  5 time? 7:27PM  6 MS. ROSENBERG: Objection, form.  7 THE WITNESS: I don't have a view on that.  8 BY MS. JENSEN:  9 Q Are you aware that the Brent oil prices  10 were 80 or above for 2019? 7:27PM  11 MS. ROSENBERG: Objection.  12 THE WITNESS: In 2019? So this is way  13 after the class period. I don't know that offhand.  14 I do know that looking at my figure for  15 WTI, it is above, you know, as we go out, there was 7:27PM  16 a brief moment where it is above 70.  17 BY MS. JENSEN:  18 Q Sitting here you're not aware of what oil  19 price Anadarko used internally to analyze the  20 commerciality of the Shen project; right? 7:27PM  21 A Correct, I'm relying on my understanding of  22 what Anadarko told the market.  23 Q Again, existing oil prices or spot prices  24 wouldn't be relevant to oil that wouldn't be sold  25 for years; right? 7:28PM  Page 191</p>	<p>1 his report. 7:29PM  2 Q So I'm talking about the heading, did you  3 write that heading?  4 A Yes. I remember having a discussion about  5 this conservative measure of value and his use of the 7:29PM  6 book value.  7 Q Did investors generally value Anadarko  8 higher than the book value of its reported net  9 assets?  10 A I'm sorry, could you repeat that question? 7:30PM  11 Q Did investors generally value Anadarko  12 higher than the book value of its reported net  13 assets?  14 A I do believe -- my memory is there are times  15 that the overall book value was lower than the market 7:30PM  16 price for the entirety of the entity. Hold on one  17 second. I think I have a statement about that here.  18 I think that might be true at different  19 points in time for the entirety of the enterprise.  20 Q So during the class period, Anadarko's 7:31PM  21 book value ranged from 14.6 billion to 19.4 billion,  22 whereas the market value ranged from 15 billion to  23 50 billion. Does that sound about right?  24 A I don't remember the book values for the  25 entire enterprise. I do have the market cap range in 7:31PM  Page 193</p>

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<p>1 my report in that exhibit, which I have as -- for 7:31PM  2 Anadarko I have the ranges being 15 to 50.  3 Q Right. So in Paragraph 37 you cite to 7:31PM  4 other oil companies in saying they had market values  5 that were less than their book values. 7:31PM  6 Why did you use those as examples instead  7 of analyzing Anadarko, which is the relevant company  8 here?  9 A It's just illustrative of the point that  10 this is accounting and book values and it's not market 7:31PM  11 prices. So it's just illustrative of that point.  12 Q Even though it wasn't true or Anadarko?  13 A Well, I think it is true for Anadarko that  14 the book values are not market prices, it's accounting  15 conventions. 7:32PM  16 Q That's a slightly different question.  17 It's not true that the book value of an  18 asset is the same as a sunk cost; right?  19 A We're going to quickly get into accounting  20 and beyond my knowledge. My understanding is some of 7:32PM  21 the costs that are disclosed on May 2nd are sunk  22 costs, but I think that statement is also true.  23 Q The statement that I made?  24 A Yes. Yes, I think that statement is true,  25 but it's also my understanding that some of the costs 7:32PM  Page 194</p>	<p>1 benefits held through Anadarko's assets represented 7:34PM  2 potential future cash in-flows under GAAP; right?  3 A That, I don't know. We've just hit the end  4 of --  5 Q We're going beyond? 7:34PM  6 A -- my knowledge, so I'm out.  7 Q You're out, okay.  8 A Book value is not market prices.  9 Q Okay.  10 A Accounting has their own way of doing 7:34PM  11 things.  12 Q You'll agree, then, that this issue of the  13 accounting of Anadarko is really outside of your  14 area of expertise?  15 A Well, beyond what I say in my report, which 7:34PM  16 is book value is not market prices. It can be a bit  17 higher, it can be lower depending on the accounting  18 conventions and the actual write-downs relate to past  19 stuff, sunk costs, leasehold interests from years ago.  20 Q I think that's where we're going a little 7:34PM  21 sideways here.  22 You do understand that that the write-down  23 included assets that were acquired from Kerr-McGee?  24 A Are we -- if this is a reference to the  25 leasehold interest, that's my understanding. 7:35PM  Page 196</p>
<p>1 that are written down, if I can use that phrase, in 7:32PM  2 the non-accounting sense, because I know write-down  3 has a particular accounting meaning, but the  4 write-down, so to speak, on May 2nd did include in my  5 understanding sunk costs. 7:33PM  6 Q So you understand that the book value of  7 Anadarko's assets had to be reported in accordance  8 with GAAP; right?  9 A I'm not an accountant, that's my general  10 understanding. 7:33PM  11 Q Okay. So this is outside of your area of  12 expertise here?  13 A If you're going to ask me accounting  14 questions, yes. Beyond the observation that book  15 value are not market prices, beyond the observation 7:33PM  16 that's what is being written down on May 2nd is  17 reflecting some costs.  18 Q But -- well, let me ask you this: Do you  19 understand that under GAAP, an asset represents a  20 right to an economic benefit? 7:33PM  21 A That sounds right.  22 Q Okay. So unlike the concept --  23 A I'm not an accountant.  24 Q Okay. Unlike the -- your reference to  25 sunk cost is past cash outlays. The economic 7:33PM  Page 195</p>	<p>1 Q Right. That was based on its fair value 7:35PM  2 at the date of the acquisition; right?  3 A I don't know.  4 Q So -- but in any event, you'll agree with  5 me that a good portion of the write-down related to 7:35PM  6 an asset?  7 A Well, a good portion related to the  8 leasehold interest from this acquisition years ago.  9 There's two numbers, but it was one of the  10 numbers -- let me just go to the report. Give me a 7:35PM  11 second -- does, as I understand it, relate basically  12 or largely to that leasehold interest that we've  13 been discussing.  14 Q And that leasehold or the asset was  15 reported on the company's books based on its 7:36PM  16 expected future cash flows related to that asset;  17 correct?  18 MS. ROSENBERG: Objection.  19 THE WITNESS: I don't --  20 BY MS. JENSEN: 7:36PM  21 Q You're out?  22 A I don't know. That's an accounting  23 question.  24 Q Okay.  25 A Accountants do things that are not market 7:36PM  Page 197</p>

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<p>1 prices, not market value, so you cannot look at what 7:36PM  2 the accountants and their conventions are to estimate  3 market prices.</p> <p>4 Q Well, I mean, in this instance with 7:36PM  5 Anadarko writing down its asset to zero, that  6 indicated that that was the expected future cash  7 in-flows for that asset; correct?</p> <p>8 A You know, my view and opinion is that how 7:36PM  9 accountants adjust the books for accounting purposes  10 follows their own conventions and it's not market 7:36PM  11 prices, it's not a DCF as an economist would think  12 about it.</p> <p>13 Q In any event, this is outside of your area 7:37PM  14 of expertise?</p> <p>15 A I don't know the particulars of GAAP. I do 7:37PM  16 know that some of the write-downs relate to sunk  17 costs.</p> <p>18 As an economist, that's not relevant to 7:37PM  19 the value of the company on an ongoing basis.</p> <p>20 Q Okay. But would you defer to the 7:37PM  21 accountants on this issue?</p> <p>22 A I would defer to the accountants on what the 7:37PM  23 accounting conventions are, I would not defer to an  24 accountant if the accountant were to say, this is  25 market prices. 7:37PM</p>	<p>1 to the different things at the particular company in 7:38PM  2 terms of the GAAP treatment. But I'm not going to be  3 able to tell you the details on that.</p> <p>4 Q Okay. So in addition, the suspended well 7:39PM  5 costs were different as well for ConocoPhillips; 7:39PM  6 right?</p> <p>7 A Yes. I mean, we can go to the part of the  8 report. But yes, they do report on May 4th, if that's  9 what we're referring to, some costs there.</p> <p>10 Q Right. So, for example, ConocoPhillips 7:39PM  11 had already written off Shen 3; right?</p> <p>12 A I don't have a specific recollection. I do 7:39PM  13 remember the May 4th -- I remember 51 million, but let  14 me go to my report here, make sure I'm getting that  15 right. 7:39PM</p> <p>16 So the suspended well costs, as I 7:39PM  17 understand it, are past expenditures regardless of  18 how it's treated from an accounting perspective.</p> <p>19 And I'm just -- anyway, so Conoco has its 7:40PM  20 disclosure on May 4th, which is a lower number, I 7:40PM  21 believe, than what -- you know, the accounting  22 treatment that Anadarko reported the day before.</p> <p>23 Q And to be clear, for Anadarko's suspended 7:40PM  24 well costs that were written off after close of  25 market May 2nd, 2017, that did not include all of 7:40PM  Page 198 Page 200</p>
<p>1 Q So -- okay. I think the fact that you 7:37PM  2 keep trying to wade into it without understanding  3 the accounting issues make this a little tricky.</p> <p>4 But what I hear you say is you're out, I 7:37PM  5 won't ask you any more detailed questions about GAAP 7:37PM  6 and how this all works together in terms of the  7 asset.</p> <p>8 A Okay.</p> <p>9 Q That doesn't mean we're entirely out of 7:38PM  10 the woods, though, because I do want to ask you a 7:38PM  11 little bit about your opinions or your statements in  12 your report about how Anadarko's write-down differed  13 from ConocoPhillips.</p> <p>14 A Okay.</p> <p>15 Q So you, for example, wouldn't expect for 7:38PM  16 ConocoPhillips to report the same asset associated  17 with Anadarko's acquisition of Kerr-McGee; right?</p> <p>18 MS. ROSENBERG: Objection --</p> <p>19 THE WITNESS: That sounds reasonable to 7:38PM  20 me.</p> <p>21 BY MS. JENSEN:</p> <p>22 Q You wouldn't expect ConocoPhillips to have 7:38PM  23 recorded them like Anadarko; right?</p> <p>24 A That seems reasonable to me; that is to say,  25 the accountants have the GAAP obligations that relate 7:38PM</p>	<p>1 its investment dollars to date; right? 7:40PM</p> <p>2 A I'm not providing that opinion, no, meaning  3 I'm not weighing in on that.</p> <p>4 Q Okay. I mean, just so you know -- or I  5 guess I should ask you to confirm, Anadarko also had 7:41PM  6 already written off Shen 3 by that time; right?</p> <p>7 A That might be true, I just don't have a  8 specific recollection.</p> <p>9 Q Now, as we talked about earlier,  10 ConocoPhillips had announced back in 2015 that it 7:41PM  11 was divesting itself of all deepwater drilling  12 assets; right?</p> <p>13 A I don't know if I can confirm that. I do  14 remember that statement that you had mentioned earlier  15 concerning -- by the company at that point. 7:41PM</p> <p>16 Q And with the write-down of Shenandoah,  17 ConocoPhillips confirmed that that was the end of  18 that process; in other words, they had closed up  19 shop in the GoM as they had intended to do?</p> <p>20 A I remember an analyst making comments along 7:41PM  21 those lines is my best recollection. But obviously  22 the record records what folks said and didn't say.</p> <p>23 Q So ConocoPhillips, based on its  24 statements, didn't view deepwater drilling in the  25 GoM as being valuable to its future business 7:42PM  Page 199 Page 201</p>

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1 strategy in the same way as Anadarko; right? 7:42PM	1 Shenandoah-related assets to zero, it effectively 7:45PM
2 A I don't have a view on how they viewed their 7:42PM	2 was saying under GAAP that the Shenandoah assets' 7:45PM
3 business strategy and their competitive advantage 7:42PM	3 fair value was zero; right?
4 and -- I just don't have a view on that. 7:42PM	4 A This is an accounting question. So --
5 Q In any event, ConocoPhillips's stock price 7:42PM	5 Q Okay. 7:45PM
6 didn't include a premium for deepwater drilling? 7:42PM	6 A You know, generally speaking, the book value 7:45PM
7 A I didn't analyze that either way. Rather 7:42PM	7 of GAAP is not about -- is not equivalent to market 7:45PM
8 I'm analyzing whether the market value, whatever it 7:42PM	8 pricing.
9 might be, updated in response to particular pieces of 7:42PM	9 Q But again, that's beyond your expertise
10 information. 7:42PM	10 because it has to do with GAAP; right? 7:45PM
11 Q Nor did ConocoPhillips's future growth 7:42PM	11 A I don't have any expertise in the 7:45PM
12 depend on deepwater drilling because it had all but 7:42PM	12 particulars of GAAP treatment. I can say and I am 7:45PM
13 exited that business by the time of this 7:42PM	13 saying book value is not a reliable indication of 7:45PM
14 announcement? 7:42PM	14 value, including the fact that the book value, as you 7:45PM
15 A That might well be true, but, you know, 7:42PM	15 discussed earlier, the market value of Anadarko is 7:45PM
16 again, the question is: How did the market view all 7:42PM	16 greater than the book value of its assets, that's 7:45PM
17 this? 7:42PM	17 consistent with my view that it's not market pricing.
18 Q And the market comment is that 7:43PM	18 Q And are you aware that under GAAP, in 7:45PM
19 ConocoPhillips had already decided to exit deepwater 7:43PM	19 order to carry that value of the asset on your 7:45PM
20 GoM; right? 7:43PM	20 books, it has to support that amount on a 7:45PM
21 A So again, my best recollection, there's a 7:43PM	21 going-forward basis?
22 ton of analyst reports here, is that there is 7:43PM	22 A We're beyond my knowledge again, so...
23 commentary about that in the aftermath of the May 7:43PM	23 Q What does it mean that a price decline was 7:43PM
24 disclosures. 7:43PM	24 caused by the correction of some alleged 7:43PM
25 Q I would like to turn to Paragraph 39. 7:43PM	25 misstatements as stated on Page 25 of your report? 7:46PM
	Page 204
1 A Yes. 7:43PM	1 A Are you looking at the last sentence? 7:46PM
2 Q Okay. So you cite here a discussion -- or 7:43PM	2 Q Yes.
3 a statement by Cobalt about the fair market value; 7:43PM	3 A I guess Mr. Steinholt is trying to value the 7:46PM
4 correct? 7:43PM	4 information that is alleged to have been concealed or 7:46PM
5 A What sentence are we talking about now? 7:43PM	5 omitted. And I'm saying here he fails to reliably 7:46PM
6 Q It's near the end of the paragraph, this 7:43PM	6 value that information or, in fact, whether that 7:46PM
7 is on Page 25. 7:43PM	7 information being disclosed, in fact, caused harm to 7:46PM
8 A So am I supposed to be reading that sentence 7:43PM	8 the stockholders.
9 that begins "on May 4th"? 7:43PM	9 Q What standard are you using there? Are 7:46PM
10 Q "On May 8th." So Cobalt made a 7:44PM	10 you using a loss causation standard? 7:47PM
11 statement -- 7:44PM	11 A I'm using standard events that all the 7:47PM
12 A I'm on Page 24. You mean Page 39? 7:44PM	12 analyses that I do in support of that statement, which 7:47PM
13 Q I think we're probably both getting tired. 7:44PM	13 includes event study analyses.
14 I'm talking about Page 25. 7:44PM	14 Q And are you providing an opinion of what 7:47PM
15 A I'm on the wrong page. 7:44PM	15 the appropriate loss causation standard should be in 7:47PM
16 Okay. I see it now. 7:44PM	16 this case?
17 Q Okay. So Cobalt made a statement about 7:44PM	17 A I'm not sure what you mean by "loss 7:47PM
18 the write-down not being indicative of what Cobalt 7:44PM	18 causation standard."
19 believed to be the intrinsic or fair market value of 7:44PM	19 Q Are you offering an opinion on what the 7:47PM
20 the Shenandoah discovery; right? 7:44PM	20 appropriate loss causation standard should be in 7:47PM
21 A Yes. 7:44PM	21 this case?
22 Q Anadarko did not make a similar statement; 7:44PM	22 MS. ROSENBERG: Objection to form.
23 correct? 7:44PM	23 THE WITNESS: I am in the sense that I 7:47PM
24 A I'm not aware of such. 7:44PM	24 provide economic analysis for why he's failed to 7:47PM
25 Q Okay. And by impairing the 7:44PM	25 reliably establish his inflation band or the 7:47PM
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1 valuation effects of the alleged corrective 2 information. 3 BY MS. JENSEN: 4 Q But you're not trying to set forth a 5 standard here? 7:48PM 6 A I do have standards. I use event study 7 standards, I use economic analysis. So I'm not going 8 to agree to the proposition I don't have standards. 9 Q Are you familiar with Esther Bruegger's 10 2009 article published by NERA? 7:48PM 11 A You have to tell me the name of the article. 12 Q So this is "Estimating Financial Fraud 13 Damages with Response Coefficients." 14 A Is this with Dunbar? 15 Q Yes. 7:49PM 16 A So I read that awhile ago. 17 Q Okay. 18 A Lovely guy. 19 Q In that article they talk about "One of 20 the most common events associated with securities 7:49PM 21 litigation is a large, unexpected write-off." 22 Are you familiar with that? 23 A Am I familiar -- do I have a specific 24 recollection that it's in that article from 14 years 25 ago, no, I don't. 7:50PM	Page 206	1 Q There's also -- but the same analysis 7:51PM 2 holds true in the sense that you can look at the 3 chronology of events; right? 4 A I've not seen an after-market event 5 intraday -- I don't know if "intra" is the right word, 7:51PM 6 but I have seen closed open. I've not seen 7 after-market alone intraday type event study. I think 8 it's for the reasons I described in my report or 9 reports. 10 Q You have described previously that one can 7:52PM 11 look at the chronology of events to disentangle the 12 effects of confounding information; right? 13 A Sure. So you certainly would look at 14 chronology to understand, you know, the changing 15 informational environment. 7:52PM 16 Q Let's turn to the events of May 2nd. You 17 wrote in are your report that the Firestone news was 18 disseminated at -- 19 A Where are you reading? 20 Q Sorry, let me turn there real quickly. 7:52PM 21 Okay. You have a reference here to 22 4:03 p.m., that's when the fire -- 23 A Please tell me where you are in my report. 24 Q Sorry, it's Page 5. 25 A Thank you. Okay. 7:53PM	Page 208
1 Q Is that something that's understood in the 7:50PM 2 literature? 3 MS. ROSENBERG: Objection. 4 THE WITNESS: I guess the way I would 5 frame it is it's the case that financial restatement 7:50PM 6 cases, these accounting restatement cases, did lead 7 to a lot of securities litigation, so I'm thinking 8 WorldCom, Enron. 9 So yes, accounting restatements, I think 10 it's a fact securities class action litigation. 7:50PM 11 Q You wrote an article in 2007 that's called 12 "The Loss Causation Requirement for Rule 10B-5 13 Causes of Action." 14 Are you familiar or recall that article? 15 A I do recall it. 7:50PM 16 Q And in that article you wrote that 17 examination of intraday data allows one to 18 disentangle the confounding effects of two events. 19 Do you recall that? 20 A I do. 7:51PM 21 Q That's something that's been discussed in 22 the literature, not just in your articles but in 23 others; right? 24 A Yes. So just to be clear, intraday event 25 studies in the context of the trading day, yes. 7:51PM	Page 207	1 Q So you reference the fire officials press 7:53PM 2 conference starting at 4:03 p.m.; right? 3 A Yes. 4 Q Okay. And so the news at the time was 5 just that the press conference was starting; 7:54PM 6 correct? 7 A I believe that's accurate as of 4:03. 8 Q Now, in your prior report from December of 9 2021, you stated that the first news was the Denver 10 Post article at 4:51 p.m.; right? 7:54PM 11 A I do -- it is true the first news I 12 identified is that. I don't know if I say the first, 13 but I could be misremembering. 14 Q Well, that was the first news you cited; 15 right? 7:55PM 16 A That's a different point. That's different 17 than what you originally said. 18 So, yes, I believe we can confirm by 19 looking at my earlier report that the first news 20 item that I identified here was at 4:51 as best I 7:55PM 21 can recollect. 22 Q Now, after Mr. Steinholt filed his -- or 23 submitted his rebuttal report, you came back with 24 several tweets, which we've gone over already today; 25 right? 7:55PM	Page 209

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1 A True. 7:55PM	1 but not as a basis by itself, I should say, that there 7:58PM
2 Q Okay. And did you know about the tweets 7:55PM	2 is a statistically significant reaction to any piece
3 at the time?	3 of the news.
4 A No. My point in the original report is, 7:55PM	4 Q Okay. Let's set that aside for just a
5 look, there's confounding information here. So that 7:55PM	5 minute. You're not aware of any price declines in 7:58PM
6 first report at 4:51 or whatever it was was sufficient	6 the trading immediately following those tweets;
7 for that.	7 right?
8 Q You did not know about the tweets at the 7:56PM	8 A I think there is a bunch of -- I think I
9 time. Is that because they didn't come up in your	9 talk about this in my Daubert opinion, that a bunch of
10 media search? 7:56PM	10 them don't even trade, but I would have to refer back 7:59PM
11 A Again, I wanted to -- we can pull up the 7:56PM	11 to that discussion where -- you know, for which
12 original report, the search criteria there, but given	12 companies do you even have trades.
13 my purpose there, that was sufficient.	13 I also make a reference to what was
14 That is to say, there's confounding 7:56PM	14 happening with the Colorado peers again outside the
15 information. I believe that's the Denver Post, 7:56PM	15 statistical context. 7:59PM
16 which we talked about earlier, which is after market	16 Q And when Bloomberg issued its 4:43 p.m.
17 on May 2nd where they talk about the fact that, in	17 article saying that Anadarko shares had dropped by
18 fact, as I remember, the governor made some	18 4.1 percent after the release of the earnings, it
19 announcements after market on May 2nd.	19 was unaware at that time of any finding by the fire
20 Q Now, in these tweets, I'm going to tread 7:56PM	20 department; right? 7:59PM
21 lightly here. Let's do our best.	21 A I don't --
22 The 4:03 tweet just said that the press 7:57PM	22 MS. ROSENBERG: Objection.
23 conference was starting; right?	23 THE WITNESS: I don't know what it knew or
24 A I believe that's accurate.	24 did not know.
25 Q And the 4:09 tweet does not mention 7:57PM	25
Page 210	Page 212
1 Anadarko by name; correct? 7:57PM	1 BY MS. JENSEN: 7:59PM
2 A You know -- yes, I'm looking at Footnote 23, 7:57PM	2 Q Do you know what article I'm talking
3 that tweet does not.	3 about?
4 Q And the 4:11 tweet also does not mention 7:57PM	4 A I do.
5 Anadarko by name; right? 7:57PM	5 Q You don't dispute that Bloomberg said in 8:00PM
6 A Agreed.	6 that article that authorities still had not made a
7 Q Now, there is no evidence that any 7:57PM	7 finding?
8 investors read these tweets; right?	8 A I don't dispute that. I don't have a
9 A I have no view either way.	9 perfect recall. We can look at the document. It says
10 Q But you're not aware of any evidence that 7:57PM	10 what it says. 8:00PM
11 investors read these tweets?	11 Q Now, if the folks at Anadarko reported
12 A I don't have any view either way. I would 7:58PM	12 contemporaneously that not many people had heard of
13 note that there is a reporter that is responsible for	13 the fire department's conference until after
14 the 4:09 p.m., but beyond that, no.	14 Anadarko released its statements about Firestone,
15 Q In any event, there was no stock decline 7:58PM	15 would you have any reason to dispute that? 8:00PM
16 following either -- or all three of those tweets;	16 A I don't have a view and it wouldn't be
17 right?	17 relevant to my opinion. In a market that's efficient,
18 MS. ROSENBERG: Objection.	18 all public information gets reflected quickly.
19 THE WITNESS: Again, when we say the word 7:58PM	19 There was our earlier discussion about
20 "stock declined," I would put it in an event study 7:58PM	20 what quickly means, but that would be my general 8:01PM
21 statistical framework, so I wouldn't just eyeball a	21 view.
22 smattering of after-market trades.	22 Q Have you seen the document I'm referring
23 BY MS. JENSEN:	23 to?
24 Q Okay.	24 A I do remember the Bloomberg, I think maybe
25 A As a -- you can look at whatever you want, 7:58PM	25 Steinholt excerpts it or -- I do remember -- I forget 8:01PM
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<p>1 the context. Maybe it was excerpted by Steinholt. I 8:01PM  2 do remember the Bloomberg article. But you can show  3 it to me to refresh my recollection.</p> <p>4 Q You should be able to see what's been  5 marked as Exhibit 526. 8:02PM</p> <p>6 (Whereupon, Exhibit 526 was marked for  7 identification.)</p> <p>8 BY MS. JENSEN:</p> <p>9 Q This is a document that bears the Bates  10 stamp -- 8:02PM</p> <p>11 A My internet just went down.</p> <p>12 MS. JENSEN: Okay. Let's go off the  13 record?</p> <p>14 THE VIDEOGRAPHER: Off the record. It's  15 8:02 p.m. 8:02PM</p> <p>16 (Recess taken.)</p> <p>17 THE VIDEOGRAPHER: Back on the record.  18 It's 8:11 p.m.</p> <p>19 BY MS. JENSEN:</p> <p>20 Q Welcome back, Dr. Ferrell. 8:11PM</p> <p>21 So you should be able to see what's been  22 marked as Exhibit 526. For the record, this bears  23 Bates stamp APC-00737523.</p> <p>24 A Yes.</p> <p>25 Q Have you seen this document before? 8:11PM</p>	<p>1 And she is talking about a release that 8:14PM  2 Anadarko affirmatively sent out to the market about  3 Firestone around 5:18 p.m.; correct?</p> <p>4 A That's my memory.</p> <p>5 Q Okay. And it was only after that that the 8:14PM  6 calls started coming in.</p> <p>7 Now, are you aware there was no price  8 declines that had occurred prior to the release of  9 the earnings?</p> <p>10 A Well, I do talk about the after-market data 8:14PM  11 in my Daubert report. When we use the word or phrase  12 "price declines," you know, you can look at the raw  13 returns, but I would want to think about it  14 statistically.</p> <p>15 So I don't think any analysis has been 8:14PM  16 done or likely could be done on the after-market  17 data, so it hasn't been done to show that.</p> <p>18 Q You see that she references areas of focus  19 and top questions that she would expect for the  20 following day? 8:15PM</p> <p>21 A I do.</p> <p>22 Q And that's the earnings call; right?</p> <p>23 A I would assume so.</p> <p>24 Q And second on that list was "Understanding  25 what, if any, go-forward plans are around 8:15PM</p>
<p>1 A I don't have a specific recollection. Let 8:11PM  2 me just double check.</p> <p>3 I don't recall. I don't have a specific  4 recollection.</p> <p>5 Q Okay. Do you know who Robin Fielder is? 8:12PM</p> <p>6 A No.</p> <p>7 Q She was in the investment relations  8 department of Anadarko.</p> <p>9 Do you know who Al Walker is?</p> <p>10 A Yes, he was the president and chairman, I 8:12PM  11 believe. I'll look in my report. So I think he was  12 the chairman, president, CEO.</p> <p>13 Q So this is an email from Robin Fielder to  14 Al Walker and this is at -- well, her email is  15 9:15 p.m., which I assume to be central time. 8:13PM</p> <p>16 A Okay.</p> <p>17 Q In it she's saying that the "earnings  18 release when out a little later and thus we didn't  19 start making calls until close to 3:30 CST."</p> <p>20 You understand that to be 4:30 Eastern; 8:13PM  21 right?</p> <p>22 A That sounds right.</p> <p>23 Q She indicates that not many people had  24 heard about the fire department's press conference,  25 but then there was a second release that came out. 8:14PM</p>	<p>1 Shenandoah"; right? 8:15PM</p> <p>2 A There is that parenthetical.</p> <p>3 Q Okay. You can set that aside.</p> <p>4 You have no reason to dispute that  5 investors started to sell off Anadarko shares 8:15PM  6 immediately after the disclosure of the Shenandoah  7 write-off and that the decline was documented in two  8 Bloomberg articles that afternoon?</p> <p>9 MS. ROSENBERG: Objection, form.</p> <p>10 THE WITNESS: I don't accept that as an 8:15PM  11 economist, right. When we think about price  12 declines reacting to information, you think about it  13 in the context of a proper statistical analysis.</p> <p>14 So, no, I don't accept that.</p> <p>15 Q Do you have any reason to doubt that 8:16PM  16 Bloomberg published an article at 4:24 with the  17 headline that shares were down 3.5 since the  18 earnings release?</p> <p>19 A I don't have reason to dispute that. It's  20 not relevant to my opinion. 8:16PM</p> <p>21 Q And during that same period, the stock  22 prices of the four Colorado Peer Group companies did  23 not decline at all?</p> <p>24 A Now you're testing my memory. I do discuss  25 this -- the pattern, the raw return pattern or the 8:16PM</p>

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1 trades or the lack thereof that appears in my Daubert 8:16PM	1 what the internal thinking, so to speak, was at 8:19PM
2 opinion reports, but I would have to look back at that 2 Anadarko.	2
3 to refresh my recollection.	3 Q Had the company previously provided
4 Q So the prices of the Colorado companies 4 guidance for 2Q2017?	4
5 fell after the governor's statement; right? 8:16PM	5 A For earnings? 8:19PM
6 A Again, I would -- to answer these questions, 6 Q Right, for Q2.	6
7 I did look at this. I would want to refresh my 7 A I don't recall either way.	7
8 recollection, and I think it's in one of the two 8 Q Do you have any reason to dispute that the	8
9 Daubert opinions where I discuss the after-market 9 2Q2017 guidance was not lowered from prior guidance,	9
10 data. 8:17PM	10 it simply may have been lower than what some 8:19PM
11 But my general view is that this is just 11 analysts had said?	11
12 inappropriate analysis. It's not a statistical 12 A So, again, I want to be clear. Are you	12
13 analysis. It's eyeballing data. It's not using 13 talking about earnings or are you taking about the	13
14 predefined event windows. It's just a lot of junk 14 volume guidance?	14
15 science. 8:17PM	15 Q So the -- any of the Q2 2017 guidance. 8:19PM
16 Q You state that despite your literature and 16 A In terms of the volume guidance, there is	16
17 published articles that talk about the chronology of 17 some analyst commentary saying it was below	17
18 event helping to disentangle confounding 18 expectations or disappointing or something to that	18
19 information; right?	19 effect, or "light" I believe was the word used.
20 A It's completely consistent with my article 8:17PM	20 Q But the company had not put out a number; 8:20PM
21 including the discussion of intraday trading events 21 right?	21
22 studies, yes.	22 A That I don't know offhand. Rather than --
23 Q So for purposes of your opinions in your 23 the analyst commentary, some of it at least, was	23
24 report, are you accepting the factual allegations of 24 indicating some level of disappointment.	24
25 the case? 8:18PM	25 Q So -- but I'm trying to ask the specific 8:20PM
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1 A I am accepting the liability -- I'm assuming 8:18PM	1 question about what the company said and it sounds 8:20PM
2 liability for damages, yes.	2 like you don't know one way or the other?
3 Q Do you understand the case involves 3 A The company said about what?	3
4 concealment of an alleged truth?	4 Q About 2Q2017 guidance.
5 A Yes. 8:18PM	5 A Well, they do discuss in the earnings call, 8:20PM
6 Q And you understand that the alleged truth 6 and I think there's even questions about it, about the	6
7 was revealed when Anadarko disclosed the suspension 7 second quarter 2017 volume guidance.	7
8 of Shenandoah and associated write-down?	8 So I do believe -- well, I would want to
9 A Yes.	9 double check the earnings conference, so there is
10 Q Now, if the company stated internally at 8:18PM	10 analyst commentary on that. 8:21PM
11 the time that Shenandoah was the reason for the Q1	11 Q Now, did --
12 2017 earnings miss, would you have any reason to	12 A That I recall.
13 dispute it?	13 Q Was there any impact on the overall full
14 A I would -- I look at public information and 14 year 2017 guidance?	14
15 public stock price reactions. I don't have review of 8:18PM	15 A My understanding is that there was not. 8:21PM
16 internal deliberations.	16 Q And that was reflected in the analyst
17 Q So would you have any reason to dispute 17 reports; right?	17
18 the company's opinion that the big driver in EPS for	18 A I believe that's accurate.
19 the Quarter 1 2017 quarter was the write-down of	19 Q And so since it didn't impact FY 2017
20 book value at Shenandoah? 8:19PM	20 guidance, that meant that 2Q2017 guidance would be 8:21PM
21 A I'm not taking a position on that.	21 higher than expectations; right?
22 I do talk about the analysts' discussion	22 A I don't --
23 of the earnings and the effect of the impairment or	23 MS. ROSENBERG: Objection to form.
24 the write-downs on that. But it's really in terms	24 THE WITNESS: I don't follow.
25 of the public information. I am not weighing in on 8:19PM	25 BY MS. JENSEN: 8:21PM
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1 Q I'll withdraw the question. 8:21PM	1 May 2nd, 2017 report said that Anadarko had a strong 8:24PM
2 I think you referenced an earnings call. 8:21PM	2 quarter?
3 In that earnings call, the company explained the 8:21PM	3 MS. ROSENBERG: Objection.
4 lower 2Q2017 guidance was simply due to scheduling 8:22PM	4 THE WITNESS: Again, you could refresh my
5 of maintenance; right? 8:22PM	5 recollection. Did you say it's a May 2nd or May 3rd 8:24PM
6 A Look, a lot of the deposition has been 8:22PM	6 report?
7 testing my memory of documents that speak for 8:22PM	7 BY MS. JENSEN:
8 themselves, so I'll just note that. 8:22PM	8 Q I would have to check the date, actually,
9 There is discussion of maintenance 8:22PM	9 thank you. I'll double check that, but the record
10 affecting the second quarter. Whether it's the 8:22PM	10 speaks for itself? 8:24PM
11 primary or the only reason, I don't specifically 8:22PM	11 A I definitely agree with that.
12 remember. 8:22PM	12 Q Okay. So why did you exclude confounding
13 But I do remember that maintenance was 8:22PM	13 factors that were positive in your overall analysis
14 discussed in connection with the second quarter. 8:22PM	14 of the price decline?
15 Q We can agree to disagree about the 8:22PM	15 A Well, again, there is a big negative stock 8:24PM
16 deposition. 8:22PM	16 price reaction. Obviously there's negative
17 MS. JENSEN: I'll also note that I have 8:22PM	17 information that's impacting that. The question is
18 been trying to move it along for the witness's 8:22PM	18 whether that negative information consists of the
19 schedule in addition to everybody else's. 8:22PM	19 Shenandoah.
20 Q Are you opining that Anadarko scheduling 8:22PM	20 So really the question is can we ascribe 8:25PM
21 more of its maintenance in 2Q2017 and less in other 8:22PM	21 that negative residual whether, you know, for
22 quarters had a material negative impact on 8:22PM	22 example, using Mr. Steinholt's event study, to the
23 Anadarko's stock price? 8:22PM	23 negative information about Shenandoah. So that was
24 A No, I'm not providing that opinion. I'm 8:23PM	24 really the focus.
25 just saying it is a potential confounding negative 8:23PM	25 But, you know, obviously the analysts are 8:25PM
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1 piece of information. 8:23PM	1 commenting on the total mix of information. 8:25PM
2 Q Did you perform -- 8:23PM	2 Q Are you saying that you included the
3 A And I'm leaving it at that. 8:23PM	3 considerations of positive information in your
4 Q Did you perform any economic analysis to 8:23PM	4 analysis?
5 determine whether it's a material confounding 8:23PM	5 A Well, I certainly reviewed the analyst 8:25PM
6 factor? 8:23PM	6 reports in the aftermath of Anadarko, the earnings
7 A Just the endless commentary identifying that 8:23PM	7 transcript and the discussions. Obviously given that
8 as an issue. You know, the event study on May 3rd is 8:23PM	8 it's a 10-Q they are using discussing, among other
9 going to encapsulate the cumulative price effect of 8:23PM	9 things, the 10-Q. So yes, I certainly considered all
10 all the new value-relevant information. 8:23PM	10 that. 8:26PM
11 So the event study by itself would enable 8:23PM	11 Q Let's turn to Paragraph 47.
12 one to disentangle that. 8:23PM	12 A Yes.
13 Q When you refer to analysts, you're just 8:23PM	13 Q So in Paragraph 47, you criticize
14 referring to a JPMorgan analyst report? 8:23PM	14 Steinholt for not increasing the inflation ribbon
15 A I think there's another one as well. 8:23PM	15 with growing confidence if the company that 8:26PM
16 There's two or three as best I can recall. 8:23PM	16 Shenandoah was not commercially viable. Now, we
17 Q I guess they would all be cited in your 8:23PM	17 talked about this a little bit earlier.
18 report; right? 8:23PM	18 A You got the point, but yes, you did talk
19 A Yes. 8:23PM	19 about it earlier.
20 Q Did you consider the positive 1Q2017 8:23PM	20 Q Setting aside sort of the directionality, 8:26PM
21 results aside from the write-down were also 8:23PM	21 I think we agreed that the number later would be
22 disclosed at that time? 8:23PM	22 higher than the number earlier.
23 A I did consider the analyst commentary on the 8:23PM	23 But assuming that you are correct on
24 reaction to the 10-Q and the earnings call itself. 8:23PM	24 percentages, according to defendants' expert
25 Q So, for example, the Credit Suisse 8:24PM	25 Mr. Keller, investors viewed the value of Shenandoah 8:27PM
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1 greater during the earlier parts of the class 8:27PM	1 nonviable, I don't view that as much of an analytical 8:29PM
2 period.	2 framework.
3 So if so, shouldn't you adjust for this as 4 well?	3 Q Again, you're not an oil and gas expert; 4 right?
5 MS. ROSENBERG: Objection to form. 8:27PM	5 A That is true. 8:29PM
6 THE WITNESS: I have not read his report.	6 Q Near the end of your report, I think it's 7 in fact the last paragraph of your report.
7 I don't understand -- I would need to consider 8 carefully what he said and why he's saying it before 9 I made any adjustment. So I'm not in a position to 10 do that. 8:27PM	8 A Yes.
11 BY MS. JENSEN:	9 Q You talk about the defendants' behavior 10 being inconsistent with the price of Anadarko's 8:30PM
12 Q Are you counter proposing a damages model 13 in this case?	11 stock being artificially inflated; right?
14 A No.	12 A Yes.
15 I want to be clear what that means. Are 8:27PM	13 Q Now, you're not a behavioral expert; 14 right?
16 you saying -- the way I interpreted that question, 17 and hence my "no", is am I proposing an inflation 18 ribbon and the answer to that is no.	15 MS. ROSENBERG: Objection. 8:30PM
19 Other than zero, which I don't think 20 would -- I'm excluding that under the umbrella of an 8:27PM	16 THE WITNESS: I would not frame it that 17 way, no.
21 inflation ribbon.	18 BY MS. JENSEN:
22 Q Let's say that the jury agrees with your 23 argument that the later part of the class period 24 should be a greater amount of inflation than the 25 earlier part. 8:28PM	19 Q Earlier you testified you didn't look at 20 any internal documents, that's right, isn't it? 8:30PM
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1 Is it difficult to multiply 8:28PM	1 tree was in this case; right? 8:31PM
2 Mr. Steinholt's inflation during the earlier parts 3 of the class period by some amount or --	2 A Internally, no, I'm not opining on that.
4 A Well -- I'm sorry, I cut you off.	3 Q You have no idea if anyone in the company 4 intended to monetize Shenandoah in some other way?
5 Q Or vice versa? 8:28PM	5 A Not providing an opinion on that. 8:31PM
6 A I agree that it's easy to multiply a number 7 by a percentage. So I agree that's easy. Where are 8 you going to get this percentage, we don't know.	6 Q No idea if it was a gamble?
9 Q But it's -- if the jury makes the 10 determination, it can do simple arithmetic? 8:28PM	7 MS. ROSENBERG: Objection to form.
11 A I'm not going to -- it's not my job to tell 12 the jury what to do.	8 THE WITNESS: I'm not going to provide an 9 opinion on subjective beliefs or subjective views of 10 anybody including company officials. 8:31PM
13 I agree that multiplication is simple.	11 MS. JENSEN: Okay. I'm going to take a 12 quick break.
14 Where this number is going to come from, let alone 15 the other factors that would be affecting things 8:29PM	13 THE WITNESS: Sure.
16 like oil prices, I don't know how that's going to be 17 dealt with either.	14 THE VIDEOGRAPHER: We're off the record.
18 Q But wouldn't you agree that it's 19 sufficient to have a framework in place so the jury 20 can make that determination? 8:29PM	15 It's 8:31 p.m. 8:31PM
21 A I don't think this is a framework, what 22 Mr. Steinholt is proposing.	16 (Recess taken.)
23 Q Okay.	17 THE VIDEOGRAPHER: We're back on the 18 record. It's 8:37 p.m.
24 A Just to say it was kind of commercially 25 nonviable and then it became more commercially 8:29PM	19 MS. JENSEN: Okay. Dr. Ferrell, thank you 20 for your time today. I have no further questions at 8:38PM
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22 THE WITNESS: Thank you.	21 this time.
23 MS. ROSENBERG: No questions. The 24 deposition is concluded.	22 THE WITNESS: Thank you.
25 MS. JENSEN: All right. Everybody have a 8:38PM	23 MS. ROSENBERG: No questions. The 24 deposition is concluded.
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<p>1 good night. 8:38PM  2 THE VIDEOGRAPHER: Off the record. It's  3 8:38 p.m.  4 (Proceedings concluded at 8:38 p.m.)  5  6  7  8  9  10  11  12  13  14  15  16  17  18  19  20  21  22  23  24  25</p>	<p>1 NAME OF CASE: In re Anadarko Securities Litigation  2 DATE OF DEPOSITION: 3/2/23  3 NAME OF WITNESS: Allen Ferrell  4 Reason codes:  5 1. To clarify the record.  2. To conform to the facts.  6 3. To correct transcription errors.  7 Page ____ Line ____ Reason ____  From _____ to _____  8  9 Page ____ Line ____ Reason ____  From _____ to _____  10  11 Page ____ Line ____ Reason ____  From _____ to _____  12  13 Page ____ Line ____ Reason ____  From _____ to _____  14  15 Page ____ Line ____ Reason ____  From _____ to _____  16  17 Page ____ Line ____ Reason ____  From _____ to _____  18  19 Page ____ Line ____ Reason ____  From _____ to _____  20  21  22  23  24  25</p>
<p>Page 230</p> <p>1 I, LYNNE M. LEDANOIS, a Certified  2 Shorthand Reporter of the State of California, do  3 hereby certify:  4 That the foregoing proceedings were taken  5 before me at the time and place herein set forth;  6 that any witnesses in the foregoing proceedings,  7 prior to testifying, were duly sworn; that a record  8 of the proceedings was made by me using machine  9 shorthand which was thereafter transcribed under my  10 direction; that the foregoing transcript is a true  11 record of the testimony given.  12 Further, that if the foregoing pertains to  13 the original transcript of a deposition in a Federal  14 Case, before completion of the proceedings, review  15 of the transcript [ ] was [x] was not requested.  16 I further certify I am neither financially  17 interested in the action nor a relative or employee  18 of any attorney or party to this action.  19 IN WITNESS WHEREOF, I have this date  20 subscribed my name.  21 Dated: March 6, 2023  22  23  24  25</p> <p><i>Lynne Marie Ledanois</i>  LYNNE MARIE LEDANOIS  CSR No. 6811</p>	<p>Signature of Deponent</p> <p>Page 232</p>